

2013

City of Lewiston Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2013

Lewiston, Me.

Follow this and additional works at: <https://digitalcommons.library.umaine.edu/towndocs>

Repository Citation

Lewiston, Me., "City of Lewiston Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2013" (2013). *Maine Town Documents*. 7679.

<https://digitalcommons.library.umaine.edu/towndocs/7679>

This Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Maine Town Documents by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.

City of Lewiston, Maine



*Photograph graciously provided by
Josh Cousineau*

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



City of Lewiston, Maine

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

For the Fiscal Year Ended June 30, 2013

Prepared by:

Heather A. Hunter, Finance Director

INTRODUCTORY SECTION

City of Lewiston, Maine
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Exhibit Number</u>	<u>Page Number</u>
INTRODUCTORY SECTION:		
Table of Contents		5
Letter of Transmittal		7
Certificate of Achievement for Excellence in Financial Reporting		13
Organizational Chart		15
List of Principal Officials		16
FINANCIAL SECTION:		
Independent Auditor's Report		19
Management's Discussion and Analysis		23
Basic Financial Statements:		
Governmental-Wide Financial Statements:		
Statement of Net Position	1	38
Statement of Activities	2	39
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	40
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	4	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	5	43
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	6	44
Statement of Net Position - Proprietary Funds	7	46
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	48
Statement of Cash Flows - Proprietary Funds	9	49
Statement of Fiduciary Net Position - Fiduciary Funds	10	50
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	51
Notes to the Financial Statements		52
Required Supplementary Information:		
Schedule of Funding Progress - Retiree Healthcare Plan		80
Schedule of Funding Progress - City Pension Plan		80
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	A-1	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	A-2	83
Combining Balance Sheet - Nonmajor Special Revenue Funds	B-1	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	B-2	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Development Block Grant Special Revenue Fund	B-3	86
Schedule of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds - Budget and Actual	C-1	87
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Private Purpose Trust Funds	D-1	88

	Exhibit Number	Page Number
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Private Purpose Trust Funds	D-1	88
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Agency Funds	D-2	89
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Agency Funds	D-2	90

Statistical Section:

Governmental-Wide Information:

Net Position by Category	Table 1	93
Changes in Net Position	Table 2	94

Fund Information:

Governmental Funds Fund Balance	Table 3	96
Governmental Funds Change in Fund Balance	Table 4	98
Property Tax Levies and Collections	Table 5	100
Assessed and Estimated Actual Value of Taxable Property	Table 5	100
Direct and Overlapping Property Tax Rates	Table 6	101
Principal Taxpayers	Table 6	101
Ratios of Outstanding Debt by Type	Table 7	102
Ratios of General Bonded Debt Outstanding	Table 7	102
Legal Debt Margin Calculation	Table 8	103
Revenue Bond Coverage - Water Fund	Table 9	104
Revenue Bond Coverage - Sewer Fund	Table 9	104
Revenue Bond Coverage - Storm Water Fund	Table 9	104

Municipal Information:

Demographic Statistics	Table 10	105
Principal Employers	Table 10	105
Number of Municipal Employees by Function	Table 11	106
Operating Indicators by Function	Table 12	107
Capital Asset and Infrastructure by Function	Table 13	108



December 24, 2013

Honorable Robert E. Macdonald, Mayor
Members of the City Council, and
Citizens of Lewiston

The comprehensive annual financial report of the City of Lewiston for the year ended June 30, 2013 is hereby submitted as required by the City Charter. The Charter requires that the City of Lewiston issue a report annually on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements are presented in conformance with generally accepted accounting principles in the United States (GAAP) and audited in accordance with generally accepted auditing standards.

Management of the City of Lewiston assumes full responsibility for the completeness and accuracy of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Lewiston's financial statements have been audited by Runyon Kersteen Ouellette PA, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City of Lewiston's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is presented at the front of the financial section of this report.

The independent audit of the financial statements of the City of Lewiston was part of a broader, federally mandated audit in accordance with OMB Circular A-133 designed to meet the special needs of federal grantor agencies. The standards governing the OMB Circular A-133 engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Lewiston's separately issued report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The comprehensive annual financial report is presented in three sections: introductory,

financial and statistical. The introductory section, which is not audited, includes the transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining and individual fund statements and schedules as well as the independent auditor's report and MD&A. The statistical section includes selected financial and demographic information, which is generally presented on a multi-year basis and is unaudited.

GOVERNMENTAL PROFILE

Lewiston, incorporated as a Town in 1795 and established as a City in 1863, is located on the east bank of the Androscoggin River in the south-central section of the State and is the second largest City in Maine with a population of 36,592, as of the 2010 census. The City is 34 miles north of Portland, Maine, 142 miles from Boston and 195 miles from Quebec City, Canada and encompasses an area of 34 square miles.

The City has operated under the Council-Administrator form of government since its most recent charter revision effective in 1980. Policy making and legislative authority are vested in the governing council which consists of a mayor and seven-member council. The governing council is vested with the authority, among other things, to adopt the budget, pass ordinances, and hire the City Administrator and City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the City's department heads. The Finance Director and other officials, whose primary function is financial, such as the Treasurer and Tax Collector, shall be appointed by the City Administrator and confirmed by the City Council. The City Clerk is also appointed by the City Administrator and confirmed by the City Council. The Mayor and Council are elected on a nonpartisan basis and to two-year terms. Only the Mayor has a limit on the term of office of 2, two-year terms. A school committee, consisting of nine members, eight elected and one City Council representative, has general authority for the public schools.

The financial reporting entity includes all funds of the City of Lewiston. The City provides a full range of services including: police and fire protection; education; sanitation services; the construction and maintenance of highways, streets and infrastructure; human services; recreation and cultural activities; water, sewer and storm water utility services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Lewiston Mill Redevelopment Corporation is reported as a nonmajor special revenue fund in the City's governmental fund financial statements and included in the Governmental Activities column in the City's government-wide financial statements.

Financial statements for the following entities are not included in this report as they are administered by boards separate from, or independent of, the City Council and otherwise have not met the established criteria for inclusion in the reporting entity:

Lewiston-Auburn Water Pollution Control Authority
Lake Auburn Watershed Protection Commission

Auburn-Lewiston Municipal Airport
Lewiston-Auburn Transit Committee
Lewiston-Auburn Economic Growth Council
Lewiston-Auburn 9-1-1 Committee

Brief descriptions of these organizations and selected financial data are incorporated in the notes to the financial statements.

The annual budget serves as the foundation for the City of Lewiston's financial planning and control. The City Administrator is required to submit a budget to the City Council for the ensuing fiscal year. The City of Lewiston's School Committee is also required to submit a budget to the City Council for adoption. The City Administrator's budget message explains the budget in fiscal terms and in terms of the work programs. It outlines the proposed financial policies of the City for the ensuing fiscal year, describes the important features of the budget, and indicates any major changes from the current year in financial policies, expenditures and revenues together with the reason for such changes. The legal level of budgetary control is at the department level for the general fund and enterprise funds and at the federal program level for the Community Development Block Grant (CDBG) fund. At anytime during the fiscal year, the Administrator may transfer part or all of any unencumbered appropriation balance among programs within a department. The City Council may transfer part or all of any unencumbered balance to another department.

ASSESSING ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the economic condition within the City of Lewiston.

Local Economy. Lewiston, along with the adjacent City of Auburn, is the most important economic region in central Maine. Considerable growth has occurred in the service sector, over the past several decades which has increased the diversity of Lewiston's economy, from mainly manufacturing-based economy to a mixed economy. Over the past 10 years, the average number of manufacturing jobs has decreased from 2,169 to 1,636 or 25%. The steady reduction in manufacturing jobs had reversed itself for a couple of years before starting to decline again due to the recent economic downturn. The number of manufacturing jobs reached a new low in 2012 of 1,636, reflecting the past four years of decline after the total peaked again in 2008, at 2,027. During the same period, the non-manufacturing jobs have taken a slight dip from the peak of 22,693 in 2008 to 22,119 or 2.5% decline. Total employment within the city over the past 10 years has increased slightly from 22,837 to 23,755 or 4%.

Major industries within the City's boundaries which have realized the most growth include health care and education services. The City has two major regional hospitals and many health care service providers; and along with education service providers for a four-year liberal arts college, a state university, a two-year business college and the K-12 school system, they provide a great deal of stability to the City's workforce. The two major hospitals employ a combined 4,430 employees and are the two largest employers. Over

the past 10 years, these major hospitals have increased employment by 792 employees from 3,638 or 22%. Professional and business services are the next largest sector of our employment base. The third largest employer is TD Bank which has an operations center and retail banking outlets employing a combined total of 1,076 employees.

Recent economic activity during the past year encompassed several diverse projects including a major medical renovation by Central Maine Medical Center (CMMC), the Lofts at Bates Mill, Baxter Brewing expansion, and an addition at McMahon Elementary School. CMMC relocated and expanded the Patrick Dempsey Center for Cancer Hope and Healing to a new 10,000 s.f. facility at a \$950,000 value.

The Lofts at Bates Mill leased out their 48 units several months ahead of schedule. The rehabilitation of the former mill into mixed market and subsidized units was a \$9 million project.

The local Baxter Brewery quadruple expansion at \$2 million, allows for around the clock production. Baxter will hold the number three spot in largest production size in Maine.

The Lewiston School Department received funding to expand McMahon Elementary School to accommodate growing school enrollment. The 50,424 s.f. addition will provide a new gym separated from the cafeteria, additional conference space, and 8 additional classrooms.

Other development throughout the City includes: Bates College dorm renovations totaling \$497,000; build-out of office space at 150 Mill Street valued at \$700,000; a new Cumberland Farms Convenient Store totaling \$740,000; a veterans temporary housing project at \$1,000,000; professional office fit-up for Champoux Insurance valued at \$552,000; and a \$550,000, 2,231 s.f. building for a newly located Dunkin Donuts store.

Long-term Financial Planning. Each year, the City Administrator submits a Capital Improvement Plan (CIP) which is submitted to the Planning Board and City Council for review. The five-year plan includes an inventory of possible capital projects which may ultimately be included in the City's Capital Improvement Plan that may be financed through a variety of sources including federal or state grants; general operating fund; user fee revenue; or through the issuance of indebtedness. The issuance of debt is subject to specific authorization of the City Council and after a public hearing on the matter. If the total amount of a single-purpose project exceeds 15% of the previous year's tax levy, authorization to borrow must be approved by the voters at a referendum election (15% of FY 2012 Gross Tax Levy of \$47,256,587 is \$7,088,488).

The City Council formally adopted a Fund Balance Policy during fiscal year 2011, with the implementation of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The policy calls for the City to maintain a minimum unassigned fund balance in the general fund of 8% of general fund revenues and transfers in. At the close of the fiscal year, unassigned fund balance was 12.5% of revenues and transfers in, and is within the policy. Continuing to maintain adequate reserves is a priority of management and the City Council.

With the State's enactment of Public Law 1, which establishes municipal property tax levy limitations each year, the city's management is strategically planning utilization of less than the allowable growth each year in order to bank portions of the allowable growth for it to be carried over to future years which is allowed by law. The City was \$7,375,764 below the allowable limit of \$35,573,682 for FY2013. This practice will allow the City Council more flexibility in times of economic downturn.

Financial Trends. During the past ten years, property and excise taxes have remained the largest source of revenue to finance general fund expenses at 51%. However, this percentage of total revenue sources represents a reduction of 7% from the 58% it was ten years ago. The reason for this reduction is the increase which has taken place in intergovernmental revenues, mostly from the State, which has increased by 9% to 45%. During this same ten-year period, the City's State equalized valuation has increased by 38% or 3.8% per year on average. Both the increased development activity along with the increase in market value of properties have contributed to the above average growth.

Major Initiatives. The City's undertook two major initiatives this year, the first was the development of the Riverfront Island Master Plan, and the second undertaking reflects a paradigm shift in how training is provided to our fulltime firefighters. The City utilized a \$900,000 Economic Development Initiative grant to design the Riverfront Island Master Plan. Riverfront Island is 77 acres in size and bounded on the east by the main canal, on the south by Cedar Street, and by the Androscoggin River on the west and north. With 3,700 feet of riverfront, and over a mile of canal frontage the area is entirely bounded by water. It has 1.8 million square feet of mill space prime for redevelopment, 4 public parks, and 1,250 public parking spaces.

The driving force behind the planning effort was to develop a mixed use plan that capitalizes on the tremendous potential of the area and draws the "creative economy" to Lewiston by offering a mix of hospitality, arts and culture, housing, green space, and diverse employment and recreational opportunities. Awarded the "2012 Plan of the Year" by the Northern New England Chapter of the American Planning Association, the 9 month process led by Goody Clancy, with oversight by a 17 member advisory committee included interviews with 40 stakeholders groups. Three public meetings, designed to engage citizens in imaging the future of this area, each attracted more than 100 residents who actively participated in discussing, shaping, and fine tuning the plan.

Upon plan adoption, the remaining \$720,000 of grant funds were used to implement Phase I, the Railroad Gateway Walkway. This walkway stretches approximately five city blocks and abuts the recent downtown development discussed in last year's transmittal letter. Phase I's design incorporates a rolling greenway that incorporates views of the canals through a new sidewalk design, extensive illumination, park amenities, and wayfinding signage.

Staffing efficiencies in the Fire Department were the focus of a new firefighter training initiative for the City's Fire Department. Training Officer duties previously assigned to a command position were shifted to individual company Lieutenants producing an annual savings of \$81,350. Lieutenants are now responsible for coordinating, facilitating, and

delivering daily department skills training utilizing the Maine Firefighter Fundamental Skills Program. In addition to the cost savings, other benefits reaped by the conversion include: mandatory firefighter training more consistently delivered at the company level; the smaller classroom size allows for more detailed drills to be delivered; Lieutenants and firefighters work directly with each other, and are more inclined to excel as a group when training with their peers; and management's time is now devoted to providing general oversight and quality reviews.

This new training initiative was put to the test when the department was called upon to fight a three building multi-unit structure fire; a brush fire located over a 1 mile hike in from the roadway; a second four building multi-unit and garage structure fire; and a third, two building multi-unit structure fire all within a one week timeframe. The department and mutual aid responders totaling over 100 firefighters, answered each of these calls and successfully evacuated tenants with minimal injuries.

In that infamous week in late April, the City lost 31 acres of woods and fields, and 77 tenement units all due to arson with four people subsequently apprehended. Sadly, 175 people were left homeless that week.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lewiston for its comprehensive annual financial report for the year ended June 30, 2012. This was the thirty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the accounting and auditing division. Special thanks to Ralph Lenfestey, Chief Accountant and Allen Ward, Internal Auditor/Cost Accountant for their dedication and loyalty, and countless hours contributed in preparation of this report and to all the staff in the finance department for their valuable assistance. I would also like to acknowledge the firm of Runyon Kersteen Ouellette for their efforts and guidance during the engagement. Credit must also be given to the Mayor and City Council for their interest and support in planning and conducting operations of the City in a responsible and progressive manner.

Respectfully submitted,

Heather A. Hunter

Heather A. Hunter, Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

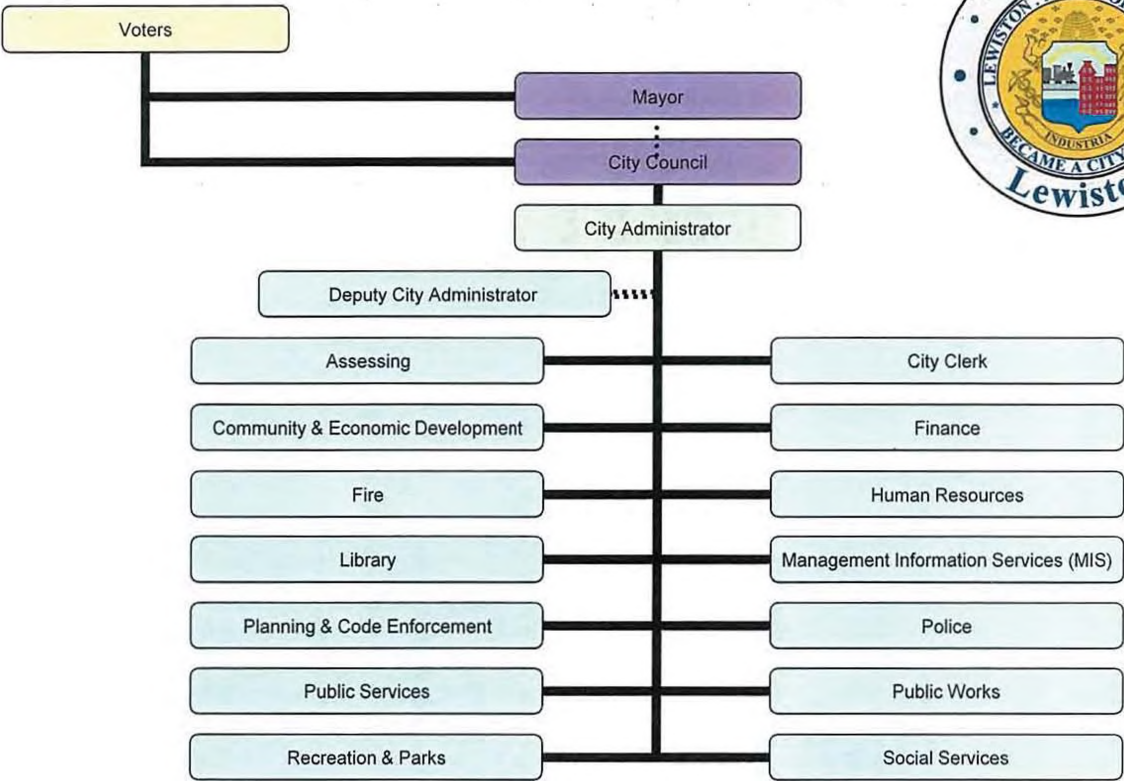
**City of Lewiston
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Lewiston, Maine Organizational Chart



City of Lewiston, Maine

List of Principal Officials

June 30, 2013

Elected Officials

Robert E. Macdonald	Mayor
John T. Butler Jr.	Council Member - Ward 1
Donald A. D'Auteuil	Council Member - Ward 2
Nathan L. Libby	Council Member - Ward 3
Doreen M. Christ	Council Member - Ward 4
Craig O. Saddleire	Council Member - Ward 5
Mark A. Cayer, Council President	Council Member - Ward 6
Richard R. Desjardins	Council Member - Ward 7

Appointed Officials and Department Heads

Edward A. Barrett, City Administrator

Philippe J. Nadeau, Deputy City Administrator/Human Resources Director

Joseph Grube, Chief Assessor	Kathleen M. Montejo, City Clerk
Lincoln Jeffers, Community & Economic Dev. Director	Heather A. Hunter, Finance Director
Paul M. Leclair, Fire Chief	Michael Bussiere, Police Chief
David A. Jones, Public Works Director	Timothy J. Earle, MIS Director
Gildace J. Arsenault, Planning & Code Enforcement Director	Richard A. Speer, Library Director
Margaret Chisholm, Recreation Director	Sue A. Charron, Social Services Director

FINANCIAL SECTION

Independent Auditor's Report

City Council
City of Lewiston, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lewiston, Maine, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lewiston, Maine, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lewiston, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

City Council
City of Lewiston, Maine

In our opinion, the combining and individual nonmajor fund financial statements and the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the City of Lewiston, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lewiston, Maine's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Remya Hurst Ouellette".

December 16, 2013
South Portland, Maine

CITY OF LEWISTON, MAINE
Management's Discussion and Analysis
June 30, 2013

As management of the City of Lewiston, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflow of resources of the City of Lewiston exceeded its liabilities at the close of the most recent fiscal year by \$151,607 (*net position*).
- The City's total net position increased by \$341, which represents a .2% increase.
- As of the close of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$40,882 an increase of \$9,885 in comparison with the prior year. Approximately 46% of this total amount or \$18,805 is *available for spending* at the City's discretion (*assigned and unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12,938 or 12.5% of general fund revenues and transfers in.
- The City of Lewiston's total debt increased by \$9,905 (6.6%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lewiston's basic financial statements. The City's basic financial statements comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Lewiston's assets and deferred outflows of resources, and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lewiston is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City of Lewiston that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lewiston include the broad activities of general government, public safety, highways and streets, sanitation (public works), human services, culture and recreation, and education and nutrition. The business-type activities of the City of Lewiston include the water system, the sanitary sewer system, and the storm water system.

The government-wide financial statements include not only the City of Lewiston itself (*known as the primary government*), but also the Lewiston Mill Redevelopment Corporation as a blended component unit.

The government-wide financial statements can be found on pages 38-39 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lewiston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lewiston can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Lewiston maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general fund, capital projects fund, school categorical grants special revenue fund and the debt service fund which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Lewiston adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 40-42 of this report.

Proprietary Funds. The City of Lewiston maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business type activities* in the government-wide financial statements. The City of Lewiston uses enterprise funds to account for its water system and storm and sanitary sewer systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water system, sanitary sewer system, and storm water utility fund, all of which are considered to be major funds of the City of Lewiston.

The basic proprietary fund financial statements can be found on pages 46-49 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Lewiston's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 50-51 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 52-79 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lewiston's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions and other postemployment benefits. Combining and individual fund statements and schedules can be found on page 81 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lewiston, assets plus deferred outflows of resources exceeded liabilities by \$151,607 at the close of the most recent fiscal year. A comparison of key government-wide components is found in the following table.

City of Lewiston's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012 Restated
Assets:						
Current & Other Assets	\$50,150	\$39,905	\$27,637	\$24,910	\$77,787	\$64,815
Capital Assets	197,239	196,535	66,599	63,589	263,838	260,124
Total Assets	247,389	236,440	94,236	88,499	341,625	324,939
Deferred Outflows of Resources			70	201	70	201
Liabilities:						
Noncurrent Liabilities	126,355	127,926	37,570	36,694	163,925	150,188
Other Liabilities	21,641	7,453	4,522	1,801	26,164	23,685
Total Liabilities	147,996	135,379	42,092	38,495	190,089	173,873
Net Position:						
Net Investment in Capital Assets	100,553	98,090	33,821	31,998	134,375	130,089
Restricted	21,462	15,615			21,462	15,615
Unrestricted (Deficit)	(22,622)	(12,644)	18,393	18,207	(4,229)	5,563
Total Net Position	\$99,393	\$101,061	\$52,214	\$50,205	\$151,607	\$151,266

By far the largest portion of the City of Lewiston's net position (\$134,375) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Lewiston uses the capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Lewiston's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lewiston's net position (\$21,462) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, a deficit of \$4,229 is mainly due to recording all of the City's long-term liabilities that are not due and payable in the current period. Liabilities of this nature include noncapital bonds payable, bond premium, accrued interest payable, obligations for workers' compensation claims, unfunded actuarial pension liability, long-term compensated absences, other post-employment benefits, and landfill closure and postclosure care costs. A complete reconciliation, by item and amount, can be found in the notes to the financial statements.

At the end of the current fiscal year, the City of Lewiston is able to report positive balances in all three categories of total net position, both for the government as a whole, as well as for its governmental and business-type activities. The same situation was true for the prior fiscal year.

The city's net position increased by \$341 during the course of the year. Contributing factors in the decrease in governmental activities net position (\$1,669) were additional expenses of \$10,632, and a reduction of charges for services revenue of \$1,154 and operating grants and contributions of \$485. General government's operating grants and contributions decreased by \$1,757 which was partially

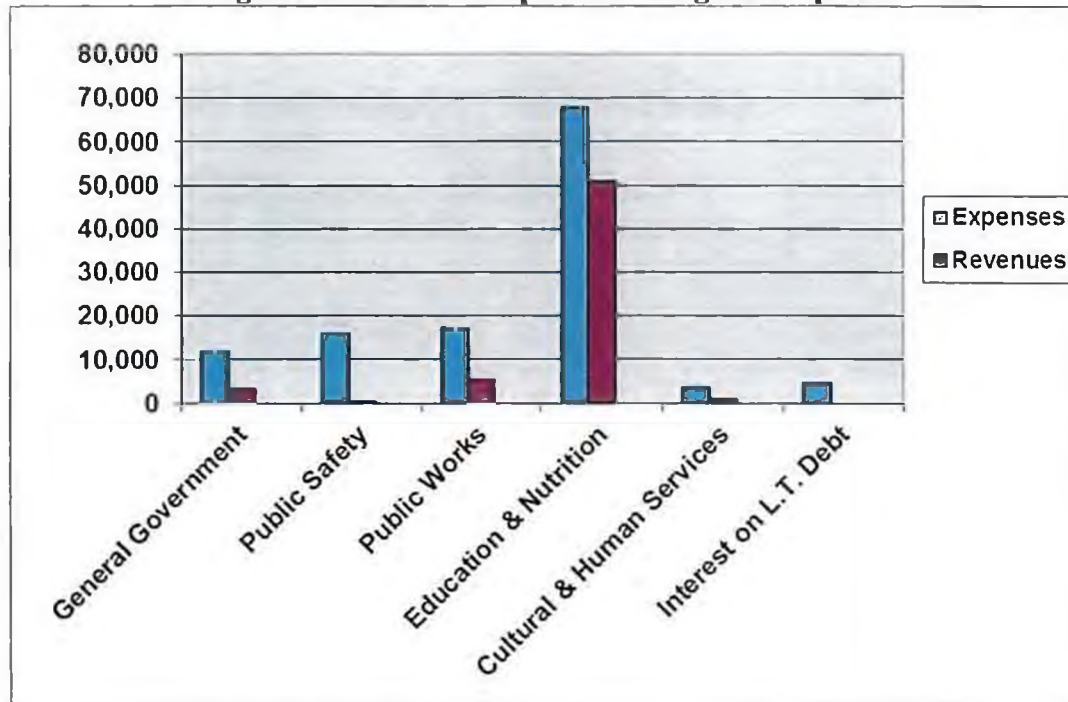
mitigated by an increase in education's operating grants and contributions revenue of \$1,468. Net position in business-type activities increased by \$2,009, due to charges for services exceeding expenses in water by \$358, in sewer by the amount of \$470 and \$1,022 in storm water. Business-type activities' capital grants and contributions continue to decline and decreased by \$1,359 in the current year.

Governmental Activities. Governmental activities reduced the City of Lewiston's net position by \$1,669. Key elements of the increase are as follows:

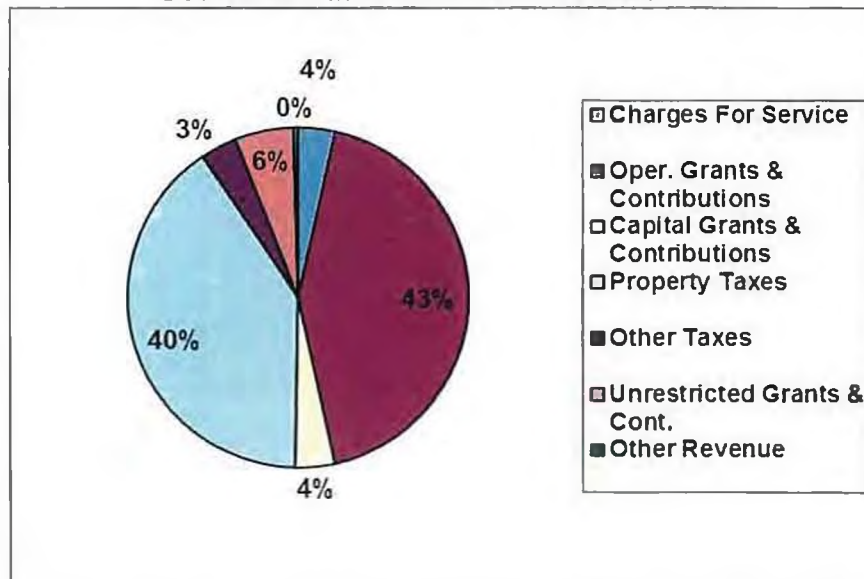
City of Lewiston's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$4,210	\$5,364	\$12,287	\$12,043	\$16,497	\$17,407
Operating grants & contributions	51,695	52,180	679		52,374	52,180
Capital grants & contributions	4,453	4,423	30	1,388	4,483	5,811
General revenues:						
Property taxes	48,292	47,438			48,292	47,438
Other taxes	4,125	4,020			4,125	4,020
Grants & contributions not restricted to specific programs	5,930	5,845			5,930	5,845
Other	754	801		30	754	831
Total revenues	119,459	120,071	12,996	13,461	132,455	133,532
Expenses:						
General government	12,130	12,721			12,130	12,721
Public safety	16,097	14,971			16,097	14,971
Public works	17,409	16,364			17,409	16,364
Human services	1,272	1,510			1,272	1,510
Culture & recreation	2,318	2,265			2,318	2,265
Education & nutrition	67,768	58,015			67,768	58,015
Interest on long-term debt	4,681	5,196			4,681	5,196
Water			4,190	3,755	4,190	3,755
Sewer			4,724	4,624	4,724	4,624
Storm water			1,523	1,382	1,523	1,382
Total Expenses	121,675	111,043	10,437	9,761	132,113	120,804
Increase (decrease) in net position before transfers	(2,217)	9,028	2,558	3,700	341	12,728
Transfers	549	617	(549)	(617)		
Increase (decrease) in net position	(1,669)	9,645	2,009	3,083	341	12,728
Net position, July 1	101,061	91,417	50,205	47,122	151,266	138,538
Net position, June 30	\$99,393	\$101,062	\$52,214	\$50,205	\$151,607	\$151,266

- The increase of \$9,753 in net expenses for education and nutrition had the largest negative impact on the governmental activities' change in net position.
- Charges for services for public works and education declined by \$215 and \$700 respectively.
- Although the tax rate remained constant in FY2013, there was an additional \$854 of property tax revenue.

Program Revenues Compared to Program Expenses

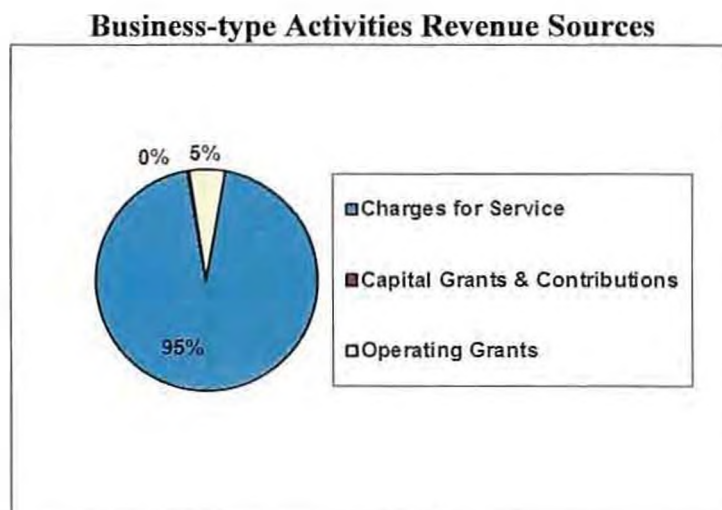
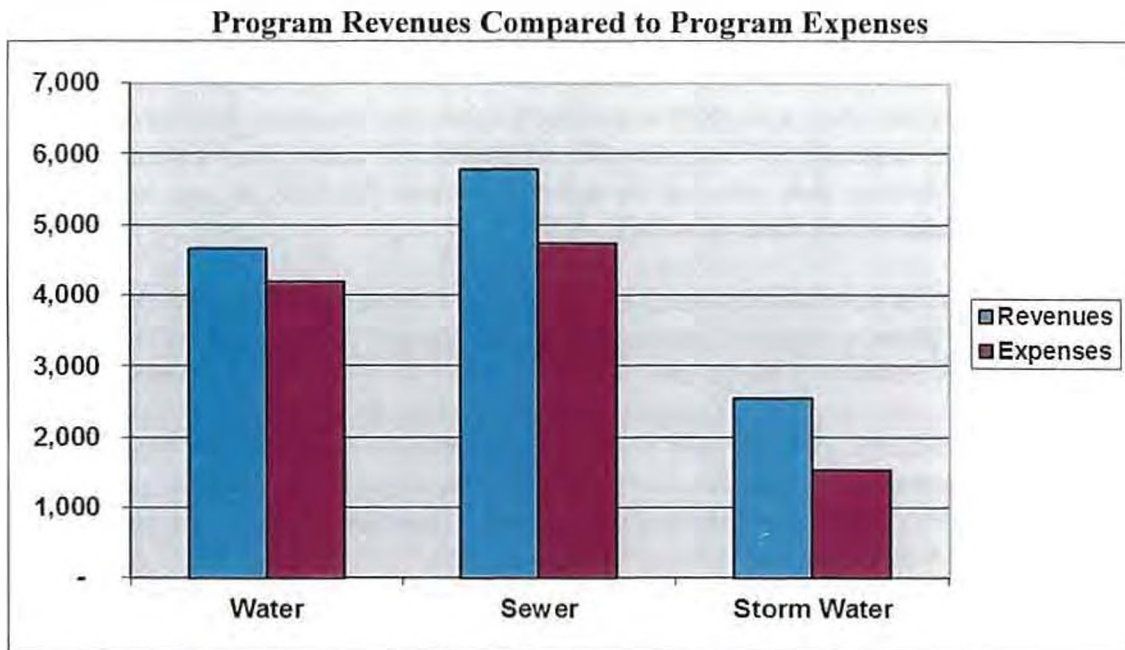


Governmental Activities Revenue Sources



Business-type Activities. The City of Lewiston's net position for business-type activities increased by \$2,009. Key elements of this increase are as follows:

- Increase in fund equity from joint ventures with the Auburn Water & Sewer Districts in Sewer (\$595) and in Water (\$84).
- The increase in operational expenses of \$676.
- A decrease in overall income of \$465.



Financial Analysis of the Government's Funds

As noted earlier, the City of Lewiston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Lewiston's *governmental funds* is to provide information on a near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City of Lewiston's financing requirements. In particular, *unassigned fund*

balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$40,882, an increase of \$9,885 in comparison with the prior year. Approximately 46% of this total amount (\$18,805) constitutes *assigned and unassigned fund balance*, which is available for spending at the city's discretion. The remainder of the fund balance is either restricted (\$17,560) to indicate that it is not available for spending due to constraints placed on the use of resources which are either externally imposed by creditors, grantors, contributors, or other governments or imposed by law through constitutional provisions or enabling legislation or; nonspendable because they are not in spendable form (\$3,309) or are legally or contractually required to be maintained intact (\$1,206).

The general fund is the primary operating fund of the City of Lewiston and, by definition, is the only fund that may have a positive unassigned fund balance. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,938, while total fund balance was \$21,132. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represents 12.5% of total general fund revenues and transfers in (\$103,240), while total fund balance represents 20.4% of that same amount. To provide for unforeseen events and liquidity preservation, the City adopted a fund balance policy that targets the unassigned general fund balance at a floor of 8% and a ceiling of 12%. The current unassigned fund balance of 12.5% falls above the prescribed range.

The fund balance of the City of Lewiston's general fund increased by \$1,593 during the current fiscal year. Key factors contributing to this change are as follows:

- Total revenues of \$98,280 on a budgetary basis exceeded budget estimates by \$238.
- On a budgetary basis, total operating expenditures exceeded budgetary appropriations by \$109 which includes a City Council authorized encumbrance of \$1,520 for capital replacement and unbudgeted, yet consolidated Adult Education costs, and workers compensation and unemployment costs.
- Transfers in to the general fund were \$478 above projections and transfers out exceeded estimates by \$385.
- The City's School Department had pledged \$1,179 of prior year's surplus to be utilized for fiscal year 2013 operations as a planned deficit.

The school categorical grants fund has a fund balance of \$637. The fund balance decreased by \$509 during the year because of a reduction in operating income of \$354 over the prior year.

The debt service fund has a zero fund balance.

The capital projects fund has a total fund balance of \$11,822. Expenditures for capital projects amounted to \$11,164 during the year, while the issuance of general obligation bonds and grants received from the Maine Department of Transportation totaled \$19,990. The fund balance increased by \$8,826.

Proprietary Funds. The City of Lewiston's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the water fund at the end of the year was \$2,811; for the sewer fund \$14,744; and for the storm water fund \$838. The total growth in net position for the water fund was \$450 while the increase in net position of the sewer fund was \$996, and for the storm water fund, the increase was \$564. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Lewiston's business-type activities.

General Fund Budgetary Highlights

The only changes to the original budget approved by the City Council during the course of the year were transfers within and between departments, and the appropriation of a small human services grant which increased the overall appropriation by \$30,000. The majority of the transfers made were to allocate fringe benefits to specific departments as well as, pay for the cost of repairs or projects that were unanticipated when the budgets were originally submitted. The total amount of transfers made was \$1,897.

The general fund budget overall (on a budgetary basis of accounting) ended the year with a decrease in fund balance of \$301.

The following schedule provides a summary of general fund revenues on the budgetary basis of accounting for the year and the amount of increases and decreases in relation to prior year revenues:

Revenues	Amount	Percentage of Total	Increase/ (Decrease) from 2012
Taxes:			
Real Estate	\$ 48,158	48.5%	\$ 982
Excise	3,852	3.9%	108
Licenses and Permits	360	0.4%	21
Intergovernmental	42,448	42.7%	1,131
Charges for Services	1,589	1.6%	163
Fines	199	0.2%	(6)
Interest, Rents & Royalties	1,399	1.4%	(21)
Miscellaneous	275	0.3%	(120)
Transfers from other funds	1,077	1.1%	218
Total	\$ 99,357	100.0%	\$ 2,476

Revenues for the general fund (on the budgetary basis of accounting) totaled \$99,357 in the fiscal year ended June 30, 2013.

Current and prior year real estate and personal property taxes continue to represent the largest revenue source, with \$48 million or 48.5% of all general fund revenues. The increase of \$982 in the amount collected is a result of a \$23 million increase in valuation and improved collections of noncurrent real estate and personal property taxes. Excise tax revenue which amounted to \$3,852, is a \$108 increase and represents 3.9% of the revenues.

Intergovernmental revenues amounted to \$42,448 or 43%, the city's second largest revenue source. The increase of \$1,131 from the previous year was largely due to additional school aid of \$847.

Charges for services increased \$163 from \$1,426 to \$1,589 with no one category providing a remarkable increase.

Investment income continues to decrease (\$53) from \$94 to \$41. Franchise fee income remained flat in the current year at \$139. These decreases were partially offset by an increase of \$39 in municipal facility rental income.

Miscellaneous revenues decreased by \$120 as a result of reductions in sale of surplus property of \$10, sale of recyclable materials of \$94, and timber sales of \$20.

Transfers from other funds increased by \$218 primarily due to an increase in transfers from the school categorical grants special revenue fund of \$277. This increase was partially tempered by a reduction in operating reimbursements from the enterprise funds of \$63.

Expenditures	Amount	Percentage of Total	Increase/ (Decrease) from 2012
General government	\$ 3,309	3.3%	\$ 451
Public safety	12,503	12.5%	644
Public works	8,160	8.2%	1,335
Human services	911	0.9%	(105)
Recreation	510	0.5%	(13)
Library	980	1.0%	(3)
Intergovernmental	3,771	3.8%	232
Education	50,599	50.8%	3,911
Insurances & pensions	4,017	4.0%	(37)
Miscellaneous	1,649	1.7%	(451)
Transfers to other funds	13,248	13.3%	(1,311)
Total	\$ 99,657	100.0%	\$ 4,653

Expenditures for the general fund (on the budgetary basis of accounting) totaled \$99,657 in fiscal year ended June 30, 2013.

The increase in general government expenditures of \$451 resulted from the recording of year end encumbrances in the amount of \$470 for additional legal services (\$20), software replacement (\$55), demolition of blighted building in the downtown area (\$350), and city hall repairs (\$45). Other fluctuations from prior year included: increases in administration (\$6), finance (\$64), and general government property (\$8), offset by decreases in legal (\$58), city clerk (\$16), assessing (\$15), and management information services (\$14). Position vacancies during the fiscal year produced savings in assessing and management information services.

Public safety increased by \$644 to \$12,503. All three functions posted increases from FY12, primarily due to a rise in personnel costs and the recording of year end encumbrances in the amount

of \$128 in the police department. The cost of police operations increased by \$332; followed by an increase in fire of \$236, and a \$6 increase in protective inspection.

Education expenditures of \$50,599 represent 50.8% of the total expenditures. Expenditures increased by \$3,911 due to rising personnel costs, operational costs associated with additional school enrollment, and the repayment to the State for Medicare Seed funds of \$172.

Cultural and recreation had a combined decrease of \$16. The closing of the multi-purpose center and repurposing the building for expanded classroom space provided a savings of \$126. Savings were reduced by an increase in the recreation department of \$107, as employees transferred between the two facilities.

Public works department expenditures posted the second largest increase at \$1,335. The recording of \$1,214 of additional encumbrances for infrastructure repairs and equipment replacement accounts for 91% of the increase. Other increases were recognized in engineering (\$76), highway (\$665), snow removal (\$192), street lighting (\$37), and parks (\$42). Offsetting reductions were noted in administration of \$76, sanitation cost (\$38), hydro-electric (\$12), and municipal garage (\$311).

The City experienced a decrease in clients seeking rent and living assistance by \$105. With changes made to the State's Temporary Aid to Needy Families Program, the City fully expected to see a dramatic increase in caseloads. The budgetary savings of \$961 in human services provided the needed funding for additional encumbrances discussed in other areas.

Funding increases for joint agencies and the county budget produced an increase to intergovernmental expenditures of \$232. The transit and dispatch subsidies increased by \$28 and \$67 respectively, and county funding rose by \$59.

The decrease in insurance and pension costs of \$37 was a product of netting a \$270 increase in healthcare costs due to an 11% rate increase, with a reduction of \$304 in retirement savings. Deceased plan members resulting in a \$19 savings to the city pension plan. Fewer retirement payouts in the current fiscal year resulted in a \$126 reduction in severance pay, followed by a \$29 savings in required retirement healthcare program contributions.

Reduced debt service requirements of \$1,657 decreased the required transfers out to the Debt service fund. The City's numerous bond refundings produced substantial savings in interest costs which is explained in more detail below.

Capital Asset and Debt Administration

Capital Assets. The City of Lewiston's investment in capital assets for its governmental and business- type activities as of June 30, 2013, amounts to \$263,838 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer systems. The total increase in the City of Lewiston's investment in net capital assets for the current fiscal year was 1.4% (a .3% increase for governmental activities and a 4.7% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Municipal building improvements which include the addition of a senior citizens room and attached elevator at the Armory (\$440), Longley School improvements (\$164), and renovations to the human services suite at city hall (\$183).
- The City wrapped up a downtown street project with accompanying storm drainage work totaling \$730. Improvements were made to intercity sidewalks (\$402), most notably on Walnut Street.
- Equipment added for all departments during the year amounted to \$1,803, which included two combination plow/sander trucks at \$304, Longley School natural gas boiler and HVAC upgrades at \$506, food service walk-in cooler and equipment upgrades (\$235), replacing seven police vehicles (\$224), municipal building and school security systems (\$64), and a variety of technology upgrades totaling \$163.
- The Jepson Brook Sewer Separation Project Phase III added combined infrastructure of \$911.
- The Water Utility replaced 9,964 feet of water mains at a cost of \$1,510.
- The Oak Street Sewer and Storm Water Separation Project added combined infrastructure additions of \$1,080.

City of Lewiston's Capital Assets (Net of Accumulated Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$13,740	\$13,747	\$1,295	\$1,293	\$15,034	\$15,040
Buildings	55,720	57,579	7,029	5,386	62,749	62,965
Improvements Other Than Buildings	20,096	20,984			20,096	20,984
Machinery & Equipment	24,482	25,180	689	599	25,171	25,779
Infrastructure	72,854	74,189	54,852	53,147	127,706	127,336
Construction in Progress	10,347	4,856	2,734	3,164	13,081	8,020
Total Capital Assets	\$197,239	\$196,535	\$66,599	\$63,589	\$263,838	\$260,124

Additional information on the City of Lewiston's capital assets can be found in note IV.C on pages 62-64 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Lewiston had total bonded debt outstanding of \$158,186, which was an increase over 2012 of \$9,905 or 6.6%. The entire amount is backed by the full faith and credit of the City. The following schedule represents a breakdown of the debt by governmental and business-type activities and comparisons with the previous fiscal year.

City of Lewiston's Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Bonds Payable	\$118,347	\$111,661	\$39,839	\$36,619	\$158,186	\$148,281

The City of Lewiston maintains an A1 rating, but received a positive outlook from Moody's for its general obligation debt. Please refer to Moody's report for a comprehensive explanation of their rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The current debt limitation of the City of Lewiston is \$329,513 which is significantly in excess of the City of Lewiston's outstanding general obligation debt.

Additional information on the City of Lewiston's long-term debt can be found in note IV. F on pages 66-71 of this report.

Economic Factors and Next Year's Budgets and Rates

During the past year, the City of Lewiston experienced an increase in real estate values of \$30 million, which was offset by a reduction in personal property values of \$7 million. In spite of the still sluggish economy, the City's growth in real estate values can be attributed to the completion of the V.A. Community Based Outpatient Clinic (\$8 million), and CMP's rubber dams and power substation projects adding a combined \$20 million in value.

The decline in industrial and residential valuations by a combined \$7.4 million was mitigated by increases in utilities and commercial valuations of \$30.4 million. Positive fluctuations in value during FY2013 produced an 84.4% assessed value to state equalized value ratio, which was an improvement over last year's 80.2% and is above the minimum rate of 75% of market value.

The state equalized value or market value continued to decline in the current year by \$88.7 million. However, the City's assessed value grew by \$23 million increasing the valuation ratio to 84%. This growth is illustrated by a flurry of utility and commercial development activity as noted above.

FY14 marked a year of unpredictability by the State of Maine relative to the level of general revenue sharing and school education subsidy funding to be received. In order to comply with the City's charter requirements, the City was forced to adopt their FY14 budget prior to the biennial adoption of the State budget, recognizing the potential need for a supplemental de-appropriation of funds. The City Council initially approved the 2014 budget with a twenty-six cent tax rate increase and a mill rate of \$26.05. Subsequent to the State's budget adoption, the City Council de-authorized expenditures and made adjustments to other non-tax revenue accounts totaling \$404 and reduced the revenue sharing appropriation by \$1,133. Given the need for additional funds to balance the revenue sharing adjustment, the FY14 tax rate increased to \$26.44.

Highlights of the FY2014 budget include the following:

- Total general fund revenues were projected to increase by 1.5% with the State Education Subsidy representing the largest increase at \$2.1 million, while municipal revenues decreased by \$2 million.
- The school department's increase in surplus fund balance brought forward of \$631 helped fund their \$3.9 million increase in expenditures resulting in a forty-eight cent tax rate increase.
- The municipal side continued to control operating costs by reducing their budget by \$1,079 from the previous year, and utilizing \$1.5 million of unassigned fund balance to purchase one-time capital needs.

Public Law 1 adopted in 2005, imposes a property tax levy limit which is based on a combination of the State's average personal income growth factor and the property growth factor of each individual municipality. The limit is on the municipal tax levy only, excluding schools and the County which has its own. The total growth factor for the City on the 2014 fiscal year budget is 5.39%. The growth limitation factor is cumulative each year and allows municipalities to utilize unused growth in previous years. The budget adopted by the City Council was within the limits established by the law and has been since the City has been under this limitation.

The water, sewer and storm water department budgets are separately funded with user fees. The approved 2014 fiscal year water department budget of \$5.2 million was 8.5% greater than the previous year, and a 20% water rate increase was required. The sewer department budget of \$5.3 million was an increase of 2.4%. A rate increase was not necessary due to positive estimated cash flows. The storm water budget of \$2.7 increased by 14.7% over the previous year. Projected cash flows were sufficient to cover the additional costs therefore no rate increase was required.

The unemployment rate for the City of Lewiston is currently 6.9% which is a decrease of .7% from the rate of 7.6% a year ago. This rate is below the state and national average unemployment rate of 7% and 7.3%, respectively.

Requests for Information

This financial report is designed to provide a general overview of the City of Lewiston's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Lewiston, Maine, 27 Pine Street, Lewiston, Maine 04240.

BASIC FINANCIAL STATEMENTS

Comparative Statement of Net Position
June 30, 2013

	Primary Government			Restated
	Governmental Activities	Business-Type Activities	Total 2013	Total 2012
ASSETS				
Cash and Cash Equivalents	\$ 10,236,633	\$ 2,189,637	\$ 12,426,270	\$ 13,953,863
Investments	30,224,540	6,722,544	36,947,084	20,874,674
Receivables:				
Taxes	1,958,794		1,958,794	2,192,968
Accounts (Net of Allowance for Uncollectibles)	857,539	2,232,792	3,090,331	3,535,220
Intergovernmental	3,138,633		3,138,633	3,691,615
Loans (Net of Allowance for Uncollectibles)	3,257,085		3,257,085	3,627,986
Internal Balances	202	(202)		
Prepaid Items	79,507		79,507	100,000
Inventory	396,962		396,962	547,322
Restricted Cash & Investments		397,156	397,156	426,622
Trustee Held Assets				353,829
Intangible Assets (Net of Amortization)		395,225	395,225	489,427
Investment in Joint Ventures		15,700,426	15,700,426	15,021,610
Capital Assets:				
Land	13,739,609	1,294,710	15,034,319	15,040,148
Buildings	88,549,581	10,758,234	99,307,815	96,837,625
Improvements Other Than Buildings	29,096,228		29,096,228	29,000,586
Machinery and Equipment	40,171,874	2,509,287	42,681,161	41,858,247
Infrastructure	121,111,978	70,405,084	191,517,062	187,370,582
Less: Accumulated Depreciation	(105,776,919)	(21,102,191)	(126,879,110)	(118,003,555)
Construction In Progress	10,346,780	2,733,780	13,080,560	8,020,104
Total Net Capital Assets	197,239,131	66,598,904	263,838,035	260,123,737
Total Assets	247,389,027	94,236,482	341,625,508	324,938,875
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Debt Issuance Costs				117,401
Deferred Charge on Debt Refunding		70,122	70,122	83,376
Total Deferred Outflows of Resources		70,122	70,122	200,777
LIABILITIES				
Accounts Payable	3,274,206	740,727	4,014,933	4,020,281
Accrued Wages and Taxes Payable	3,435,046	54,771	3,489,817	3,347,917
Notes Payable	11,796		11,796	23,587
Customers' Deposits	8,915		8,915	27,508
Accrued Interest Payable	671,065	387,986	1,059,051	768,459
Unearned Revenue	677,152		677,152	639,823
Liabilities Payable From Restricted Assets		397,156	397,156	426,622
Noncurrent Liabilities:				
Due Within One Year	13,562,976	2,942,011	16,504,987	14,431,375
Due in More Than One Year	126,355,303	37,569,623	163,924,926	150,187,874
Total Liabilities	147,996,460	42,092,274	190,088,736	173,873,448
NET POSITION				
Net Investment in Capital Assets	100,553,266	33,821,418	134,374,684	130,088,693
Restricted For:				
Recreation and Human Services	5,798,132		5,798,132	5,944,372
Capital Projects	11,822,217		11,822,217	2,996,325
Nonexpendable Portion of Permanent Funds	1,206,350		1,206,350	1,204,450
Expendable Portion of Permanent Funds	286,609		286,609	167,036
Education	2,348,228		2,348,228	1,478,557
Unrestricted	(22,622,233)	18,392,912	(4,229,321)	5,562,868
Total Net Position	\$ 99,392,569	\$ 52,214,330	\$ 151,606,895	\$ 147,442,299

The notes to the financial statements are an integral part of this statement.

**Comparative Statement of Activities
For the Year Ended June 30, 2013**

Functions and Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government Total	
							2013	2012
Primary Government:								
Governmental Activities:								
General Government	\$ 12,129,951	\$ 1,878,721	\$ 1,221,785		\$ (9,029,445)	\$ (9,029,445)	\$ (7,827,744)	
Public Safety	16,096,995	291,580			(15,805,415)	(15,805,415)	(14,528,196)	
Public Works	17,408,677	947,158		\$ 4,452,701	(12,008,818)	(12,008,818)	(10,777,984)	
Human Services	1,271,915		642,921		(628,994)	(628,994)	(676,798)	
Culture & Recreation	2,318,516	163,434			(2,155,083)	(2,155,083)	(2,043,970)	
Education & Nutrition	67,767,929	928,760	49,830,279		(17,008,890)	(17,008,890)	(8,024,740)	
Interest on Long-Term Debt	4,681,379				(4,681,379)	(4,681,379)	(5,196,488)	
Total Governmental Activities	<u>121,675,361</u>	<u>4,209,652</u>	<u>51,694,985</u>	<u>4,452,701</u>	<u>(61,318,023)</u>	<u>(61,318,023)</u>	<u>(49,075,921)</u>	
Business-Type Activities:								
Water	4,189,697	4,547,881	83,938	29,504	\$ 471,626	471,626	1,110,766	
Sewer	4,724,350	5,194,399	594,877		1,064,926	1,064,926	1,676,760	
Storm Water	1,523,224	2,544,732			1,021,508	1,021,508	882,286	
Total Business-Type Activities	<u>10,437,271</u>	<u>12,287,012</u>	<u>678,815</u>	<u>29,504</u>	<u>2,558,060</u>	<u>2,558,060</u>	<u>3,669,812</u>	
Total Primary Government	<u>132,112,632</u>	<u>16,496,664</u>	<u>52,373,800</u>	<u>4,482,205</u>	<u>(61,318,023)</u>	<u>2,558,060</u>	<u>(58,759,963)</u>	<u>(45,406,109)</u>
General Revenues:								
Property Taxes					48,291,793		48,291,793	47,437,697
Payment in Lieu of Taxes					134,140		134,140	135,464
Motor Vehicle Excise Taxes					3,852,282		3,852,282	3,743,862
Franchise Taxes					139,060		139,060	140,931
Grants and Contributions Not Restricted to Specific Programs:								
Homestead Exemption & BETE Reimbursement					1,741,922		1,741,922	1,660,390
State Revenue Sharing					4,187,759		4,187,759	4,184,510
Unrestricted Investment Earnings					753,696		753,696	831,190
Transfers					548,748	(548,748)		
Total General Revenues and Transfers					<u>59,649,400</u>	<u>(548,748)</u>	<u>59,100,652</u>	<u>58,134,044</u>
Change in Net Position					(1,668,623)	2,009,312	340,689	12,727,935
Net Position, July 1					<u>101,061,188</u>	<u>50,205,018</u>	<u>151,266,204</u>	<u>138,538,267</u>
Net Position, June 30					<u>\$ 99,392,569</u>	<u>\$ 52,214,330</u>	<u>\$ 151,606,895</u>	<u>\$ 151,266,204</u>

**Comparative Balance Sheet
Governmental Funds
June 30, 2013**

	School Categorical		Other		Total Governmental Funds	
	General	Grants Special Revenue Fund	Capital Projects	Governmental Funds	2013	2012
ASSETS						
Cash and Cash Equivalents	\$ 6,723,062	\$ 731	\$ 2,703,162	\$ 809,678	\$ 10,236,633	\$ 10,735,595
Investments	15,772,989		9,958,018	4,493,534	30,224,540	17,783,967
Receivables:						
Taxes	1,958,794				1,958,794	2,192,968
Accounts (Net of Allowance for Uncollectibles)	837,160	621		19,758	857,539	1,241,483
Intergovernmental	993,932	1,802,933	214,701	127,067	3,138,633	3,676,144
Loans (Net of Allowance for Uncollectibles)	1,000,000			2,257,085	3,257,085	3,627,986
Interfund Receivable	866,872	356,741		-	1,223,613	2,092,716
Prepaid Items	79,507				79,507	100,000
Inventory	324,371	72,591			396,962	547,322
Total Assets	<u>\$ 28,556,686</u>	<u>\$ 2,233,617</u>	<u>\$ 12,875,880</u>	<u>\$ 7,707,123</u>	<u>\$ 51,373,306</u>	<u>\$ 41,998,182</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 1,663,649	\$ 237,511	\$ 1,053,663	\$ 319,383	\$ 3,274,206	\$ 3,059,261
Accrued Wages and Taxes Payable	3,222,746	200,576		11,724	3,435,046	3,295,680
Interfund Payable	4,145	1,146,138		73,128	1,223,411	2,092,716
Notes Payable				11,796	11,796	23,587
Unearned Revenue	785,935	12,627			798,562	679,823
Customer's Deposits	8,915				8,915	27,508
Total Liabilities	<u>5,685,390</u>	<u>1,596,853</u>	<u>1,053,663</u>	<u>416,032</u>	<u>8,751,937</u>	<u>9,178,575</u>
Deferred Inflows of Resources:						
Unavailable Tax Revenue	<u>1,739,518</u>				<u>1,739,518</u>	<u>1,822,999</u>
Total Deferred Inflows of Resources	<u>1,739,518</u>				<u>1,739,518</u>	<u>1,822,999</u>

Fund Balances:

Nonspendable:

Permanent Fund Principal				1,206,350	1,206,350	1,204,450
Prepaid Expenditures	79,507				79,507	100,000
Inventory	324,371	72,591			396,962	547,322
Long-Term Notes Receivable	940,000			1,892,840	2,832,840	3,167,789

Restricted for:

Capital Projects			11,822,217		11,822,217	2,996,325
School Education	1,715,737	632,491			2,348,228	3,799,745
Permanent Fund Unexpended Income				286,609	286,609	167,036
Nonmajor Special Revenue Funds				3,103,856	3,103,856	2,879,486

Assigned to:

Asset Acquisition	13,764				13,764	8,963
Future Workers Comp. Expenditures	1,792,451				1,792,451	2,076,039
Future Unemployment Comp. Expenditures	56,154				56,154	61,350
Compensated Absences	1,432,184				1,432,184	1,365,622
Future General Fund Expenditures	1,839,675				1,839,675	274,004
Nonmajor Special Revenue Funds				801,436	801,436	897,097

Unassigned	12,937,935	(68,318)			12,869,617	11,451,382
Total Fund Balance	21,131,778	636,764	11,822,217	7,291,087	40,881,850	30,996,605

Total Liabilities, Deferred Inflows of Resources,
and Fund Balance

\$ 28,556,686 \$ 2,233,617 \$ 12,875,880 \$ 7,707,123

Amounts reported for governmental activities in the statement of net
position are different because:

Items classified as unearned revenue on Governmental Funds	121,410	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	197,239,131	196,534,519
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	1,739,518	1,862,998
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(140,589,344)	(128,332,939)

Net position of governmental activities \$ 99,392,569 \$ 101,061,188

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General	School Grants Special Revenue Fund	Debt Service Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds	
						2013	2012
REVENUES							
Taxes	\$ 52,010,363				\$ 1,724,194	\$ 53,734,557	\$ 52,812,697
Licenses and Permits	359,835					359,835	338,645
Intergovernmental	46,331,108	\$ 9,417,201		\$ 3,208,411	1,795,255	60,751,975	60,928,936
Charges For Services	1,588,523	479,341			110,543	2,178,407	2,947,749
Fines	199,049					199,049	205,063
Interest, Rents and Gain on Investments	1,399,227		\$ 49,181	60,328	602,605	2,111,341	2,116,005
Donations					10,865	10,865	58,958
Miscellaneous	274,633	34,997			415,067	724,696	633,680
Total Revenues	<u>102,162,738</u>	<u>9,931,538</u>	<u>49,181</u>	<u>3,268,739</u>	<u>4,658,529</u>	<u>120,070,725</u>	<u>120,041,734</u>
EXPENDITURES							
Current:							
General Government	2,830,091				3,025,252	5,855,344	7,498,833
Public Safety	12,370,953					12,370,953	11,823,001
Public Works	7,037,063					7,037,063	6,623,827
Human Services	910,677				187,574	1,098,251	1,292,533
Culture and Recreation	1,489,860				118,655	1,608,515	1,648,175
Intergovernmental	3,691,051					3,691,051	3,539,498
Education	54,427,702	7,113,351				61,541,053	58,039,922
Nutrition		2,511,394				2,511,394	2,570,702
Miscellaneous	5,640,639		1,116,077	72,704		6,829,419	6,217,582
Debt Service:							
Redemption of Serial Bonds			9,671,065			9,671,065	9,694,176
Interest on Serial Bonds			3,770,473			3,770,473	4,421,727
Capital Lease Debt			205,644			205,644	207,525
Capital Outlay		396,577		11,091,544	844,186	12,332,307	8,375,578
Total Expenditures	<u>88,398,036</u>	<u>10,021,321</u>	<u>14,763,259</u>	<u>11,164,247</u>	<u>4,175,667</u>	<u>128,522,531</u>	<u>121,953,080</u>
Excess (Deficiency) of Revenues Over							
(Under) Expenditures	13,764,702	(89,784)	(14,714,078)	(7,895,508)	482,861	(8,451,807)	(1,911,346)
OTHER FINANCING SOURCES (USES)							
Transfers In	1,076,996		13,647,182	42,842	93,358	14,860,378	17,038,172
Transfers Out	(13,248,959)	(418,841)		(42,842)	(600,988)	(14,311,630)	(16,421,509)
Proceeds from Capital Lease							108,856
Issuance of Refunded Bonds			29,570,000			29,570,000	2,182,738
Premium from Bond Issuance			2,937,872			2,937,872	
Payment to Refunded Bond Escrow Agent			(14,348,524)			(14,348,524)	
Redemption of Current Refunded Bonds			(17,092,452)			(17,092,452)	(13,653,840)
Issuance of General Obligation Bonds				16,721,400		16,721,400	2,584,000
Total Other Financing Source (Uses)	<u>(12,171,963)</u>	<u>(418,841)</u>	<u>14,714,078</u>	<u>16,721,400</u>	<u>(507,630)</u>	<u>18,337,044</u>	<u>(8,161,583)</u>
Net Change in Fund Balance	1,592,739	(508,625)	0	8,825,892	(24,768)	9,885,238	(10,072,929)
Fund Balance, July 1	<u>19,539,038</u>	<u>1,145,389</u>		<u>2,996,325</u>	<u>7,315,854</u>	<u>30,996,605</u>	<u>41,069,535</u>
Fund Balance, June 30	\$ <u>21,131,778</u>	\$ <u>636,764</u>	\$ <u>0</u>	\$ <u>11,822,217</u>	\$ <u>7,291,087</u>	\$ <u>40,881,850</u>	\$ <u>30,996,605</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds Reported on Statement 4	\$ 9,885,238
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$9,343,660 exceeded depreciation expense of \$8,068,800.	1,274,860
The net effect of the disposition of capital assets which resulted in a loss that decreased net position. Disposed assets were historically valued at \$1,331,280, with accumulated depreciation of \$761,034.	(570,246)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(123,479)
The issuance of \$29,570,000 refunding bonds with a premium of \$2,642,776, whereby proceeds were used to refund \$30,056,315 outstanding principal.	(2,156,461)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets. This amount is the net effect of these differences in the treatment of long-term debt.	(6,891,594)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(3,086,939)</u>
Change in net position of governmental activities (see Statement 2)	<u>\$ (1,668,623)</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original &</u>	<u>Final &</u>	<u>Actual &</u>	<u>Final Budget -</u>
	<u>2012</u>	<u>2012</u>	<u>Year End</u>	<u>Positive</u>
	<u>Encumbrances</u>	<u>Encumbrances</u>	<u>Encumbrances</u>	<u>(Negative)</u>
REVENUES				
Taxes:				
Real Estate	\$ 48,008,394	\$ 48,008,394	\$ 48,158,081	\$ 149,687
Excise	3,652,000	3,652,000	3,852,282	200,282
Licenses and Permits	299,370	299,370	359,835	60,465
Intergovernmental	42,902,036	42,932,036	42,448,106	(483,930)
Charges For Services	1,328,115	1,328,115	1,588,523	260,408
Fines	201,900	201,900	199,049	(2,851)
Interest, Rents and Royalties	1,364,997	1,364,997	1,399,227	34,230
Miscellaneous	254,632	254,632	274,633	20,001
Total Revenues	<u>98,011,444</u>	<u>98,041,444</u>	<u>98,279,736</u>	<u>238,292</u>
EXPENDITURES				
Current:				
General Government:				
Mayor and City Council	26,700	28,633	30,896	(2,263)
City Administrator	242,883	276,810	275,840	969
City Attorney	122,500	122,500	87,362	35,138
City Clerk	260,286	286,531	280,497	6,034
Human Resources	214,295	245,400	248,469	(3,069)
Finance and Administration	1,376,283	1,467,323	1,854,203	(386,881)
Buildings and Parking Facilities	566,556	573,918	531,972	41,945
Total General Government	<u>2,809,503</u>	<u>3,001,115</u>	<u>3,309,241</u>	<u>(308,126)</u>
Public Safety:				
Police	5,557,133	6,075,491	6,148,397	(72,905)
Fire	5,449,887	5,878,965	5,962,307	(83,342)
Inspection	355,395	394,537	392,532	2,004
Total Public Safety	<u>11,362,415</u>	<u>12,348,993</u>	<u>12,503,236</u>	<u>(154,242)</u>
Public Works:				
Administration	127,469	140,190	137,900	2,289
Engineering	135,916	163,497	167,723	(4,226)
Maintenance and Sanitation	6,834,331	7,121,101	7,854,683	(733,582)
Total Public Works	<u>7,097,716</u>	<u>7,424,787</u>	<u>8,160,306</u>	<u>(735,518)</u>
Human Services	1,824,807	1,871,394	910,677	960,717
Recreation	467,892	503,738	509,764	(6,026)
Library	968,657	1,033,164	980,096	53,068
Intergovernmental	3,691,276	3,691,276	3,771,051	(79,775)
Education	50,123,032	50,123,032	50,598,538	(475,506)

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2012 Encumbrances	Final & 2012 Encumbrances		
Miscellaneous:				
Insurances	3,891,427	3,891,427	3,788,418	103,009
Pensions and Retirement	2,230,934	608,736	228,843	379,892
Reserves and Contingencies	63,285	63,285		63,285
Other Miscellaneous	1,738,944	1,738,942	1,648,377	90,564
Total Miscellaneous	7,924,590	6,302,389	5,665,639	636,750
Total Expenditures	86,269,888	86,299,887	86,408,547	(108,660)
 Excess of Revenues Over Expenditures	 11,741,556	 11,741,557	 11,871,189	 129,633
 OTHER FINANCING SOURCES (USES)				
Transfers In	598,652	598,652	1,076,996	478,344
Transfers Out	(12,864,354)	(12,864,354)	(13,248,959)	(384,605)
Total Other Financing Sources and Uses	(12,265,702)	(12,265,702)	(12,171,963)	93,739
 Net Change in Fund Balance - Budgetary Basis	 (524,146)	 (524,146)	 (300,774)	 223,371
 Add Back Encumbrances	 359,038	 359,038	 1,893,513	 1,534,475
 Net Change in Fund Balance - GAAP Basis	 (165,108)	 (165,108)	 1,592,739	 1,757,846
 Fund Balance, July 1,	 19,539,038	 19,539,038	 19,539,038	
 Fund Balance, June 30	 \$ 19,373,930	 \$ 19,373,930	 \$ 21,131,778	 \$ 1,757,846

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Net Position
Proprietary Funds
June 30, 2013
Business-Type Activities - Enterprise Funds

	Water Enterprise Fund	Sewer Enterprise Fund	Storm Water Enterprise Fund	Total All Funds	
				2013	2012
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 416,665	\$ 895,315	\$ 877,657	\$ 2,189,637	\$ 3,218,268
Investments	1,527,218	2,912,178	2,283,148	6,722,544	3,090,707
Restricted Cash - Customer Deposits	7,708	386,018	3,430	397,156	426,622
Trustee Held Assets					353,829
Accounts Receivable (Net of Allowance for Uncollectibles)	906,845	959,018	366,929	2,232,792	2,293,737
Intergovernmental Receivable					15,471
Total Current Assets	<u>2,858,436</u>	<u>5,152,529</u>	<u>3,531,164</u>	<u>11,542,129</u>	<u>9,398,634</u>
Noncurrent Assets:					
Other Assets:					
Intangible Assets (Net of Amortization)		99,748	295,477	395,225	489,427
Investment in Joint Ventures	2,413,173	13,287,253		15,700,426	15,021,610
Total Other Assets	<u>2,413,173</u>	<u>13,387,001</u>	<u>295,477</u>	<u>16,095,651</u>	<u>15,511,037</u>
Capital Assets:					
Land	71,850	711,837	511,023	1,294,710	1,293,510
Buildings	6,539,414	4,218,820		10,758,234	8,914,782
Infrastructure	44,575,503	19,026,821	6,802,760	70,405,084	67,390,413
Machinery & Equipment	1,285,141	1,202,518	21,628	2,509,287	2,360,868
Less: Accumulated Depreciation	(13,043,204)	(7,646,239)	(412,748)	(21,102,191)	(19,534,402)
Construction in Progress	1,066,142	925,282	742,356	2,733,780	3,164,047
Total Net Capital Assets	<u>40,494,846</u>	<u>18,439,039</u>	<u>7,665,019</u>	<u>66,598,904</u>	<u>63,589,218</u>
Total Noncurrent Assets	<u>42,908,019</u>	<u>31,826,040</u>	<u>7,960,496</u>	<u>82,694,555</u>	<u>79,100,255</u>
Total Assets	<u>45,766,455</u>	<u>36,978,569</u>	<u>\$ 11,491,660</u>	<u>94,236,684</u>	<u>88,498,889</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized Debt Issuance Costs					117,401
Deferred Charge on Debt Refunding	30,302	39,820		70,122	83,376
Total Deferred Outflows of Resources	<u>\$ 30,302</u>	<u>\$ 39,820</u>		<u>\$ 70,122</u>	<u>\$ 200,777</u>

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Net Position
Proprietary Funds
June 30, 2013
Business-Type Activities - Enterprise Funds

	Water Enterprise Fund	Sewer Enterprise Fund	Storm Water Enterprise Fund	Total All Funds	
				2013	2012
LIABILITIES					
Current Liabilities:					
Revenue Bonds Payable - Current	\$ 1,523,904	\$ 855,928	\$ 519,396	\$ 2,899,228	\$ 2,609,986
Bond Premium - Current	22,459	8,367	4,227	35,053	
Accounts Payable	367,585	240,911	132,231	740,727	961,020
Accrued Wages and Taxes Payable	31,250	11,423	12,098	54,771	52,237
Compensated Absences Payable - Current	6,285	1,445		7,730	9,452
Accrued Interest Payable	160,648	128,282	99,056	387,986	361,087
Due to Other Funds		202		202	
Customer Deposits Payable	7,708	386,018	3,430	397,156	426,622
Total Current Liabilities	<u>2,119,839</u>	<u>1,632,576</u>	<u>770,438</u>	<u>4,522,853</u>	<u>4,420,404</u>
Noncurrent Liabilities:					
Compensated Absences Payable	89,279	49,898		139,177	64,924
Bond Premium	314,426	117,141	59,182	490,749	
Revenue Bonds Payable	17,892,288	11,209,644	7,837,765	36,939,697	34,009,320
Total Noncurrent Liabilities	<u>18,295,993</u>	<u>11,376,683</u>	<u>7,896,947</u>	<u>37,569,623</u>	<u>34,074,244</u>
Total Liabilities	<u>20,415,832</u>	<u>13,009,259</u>	<u>8,667,385</u>	<u>42,092,476</u>	<u>38,494,648</u>
NET POSITION					
Net Investment in Capital Assets	22,570,212	9,264,979	1,986,227	33,821,418	31,998,340
Unrestricted	2,810,713	14,744,151	838,048	18,392,912	18,206,678
Total Net Position	<u>\$ 25,380,925</u>	<u>\$ 24,009,130</u>	<u>\$ 2,824,275</u>	<u>\$ 52,214,330</u>	<u>\$ 50,205,018</u>

**Comparative Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds**

**For the Fiscal Year Ended June 30, 2013
Business-Type Activities - Enterprise Funds**

	Water Enterprise Fund	Sewer Enterprise Fund	Storm Water Enterprise Fund	Total All Business-Type Activities	
				2013	2012
OPERATING REVENUES					
Charges for Services	\$ 4,547,881	\$ 5,194,399	\$ 2,544,732	\$ 12,287,012	\$ 12,043,174
Total Operating Revenues	<u>4,547,881</u>	<u>5,194,399</u>	<u>2,544,732</u>	<u>12,287,012</u>	<u>12,043,174</u>
OPERATING EXPENSES					
Cost of Sales and Services	1,776,297	3,166,394	749,803	5,692,494	5,370,370
Administration	788,691	565,397	297,660	1,651,748	1,540,386
Depreciation	<u>1,071,300</u>	<u>588,839</u>	<u>131,847</u>	<u>1,791,986</u>	<u>1,579,662</u>
Total Operating Expenses	<u>3,636,288</u>	<u>4,320,630</u>	<u>1,179,310</u>	<u>9,136,228</u>	<u>8,490,418</u>
Operating Income	911,593	873,769	1,365,422	3,150,784	3,552,756
NONOPERATING REVENUES (EXPENSES)					
Interest Revenues					30,233
Increase in Fund Equity of Joint Ventures	83,938	594,877		678,815	1,209,888
Interest Expense	(493,041)	(343,471)	(238,264)	(1,074,776)	(1,134,688)
Gain (Loss) on Sale of Capital Assets	(2,410)	1,000		(1,410)	(18,912)
Amortization of Deferred Charges	<u>(57,958)</u>	<u>(61,249)</u>	<u>(105,650)</u>	<u>(224,857)</u>	<u>(117,516)</u>
Total Nonoperating Revenue (Expenses)	<u>(469,471)</u>	<u>191,157</u>	<u>(343,914)</u>	<u>(622,228)</u>	<u>(30,995)</u>
Income Before Contributions & Transfers	442,122	1,064,926	1,021,508	2,528,556	3,521,761
Transfers Out	(21,982)	(69,295)	(457,471)	(548,748)	(616,663)
Capital Contributions	29,504			29,504	178,284
Change in Net Position	449,644	995,631	564,037	2,009,312	3,083,382
Total Net Position, July 1	<u>24,931,281</u>	<u>23,013,499</u>	<u>2,260,238</u>	<u>50,205,018</u>	<u>47,121,636</u>
Total Net Position, June 30	<u>\$ 25,380,925</u>	<u>\$ 24,009,130</u>	<u>\$ 2,824,275</u>	<u>\$ 52,214,330</u>	<u>\$ 50,205,018</u>

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2013
Business-Type Activities - Enterprise Funds

	Water Enterprise Fund	Sewer Enterprise Fund	Storm Water Enterprise Fund	Total	
				2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received From Customers	\$ 4,604,213	\$ 5,221,034	\$ 2,508,715	\$ 12,333,962	\$ 12,173,519
Cash Paid to Suppliers for Goods and Services	(1,562,703)	(3,231,791)	(756,081)	(5,550,575)	(5,152,590)
Cash Paid to Employees for Services	(1,036,119)	(501,237)	(401,339)	(1,938,695)	(1,854,921)
Net Cash Provided by Operating Activities	2,005,391	1,488,006	1,351,295	4,844,692	5,166,008
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to Other Funds	(21,982)	(69,295)	(457,471)	(548,748)	(616,663)
Net Cash (Used For) Noncapital Financing Activities	(21,982)	(69,295)	(457,471)	(548,748)	(616,663)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds From Sale of Revenue Bonds	2,757,503	2,157,090	1,820,924	6,735,517	5,891,921
Acquisition and Construction of Capital Assets	(2,104,821)	(1,408,563)	(1,289,698)	(4,803,082)	(6,578,695)
Principal Paid on Revenue Bonds	(1,432,327)	(762,430)	(415,229)	(2,609,986)	(2,396,479)
Interest Paid on Revenue Bonds	(496,648)	(328,333)	(216,647)	(1,041,628)	(1,141,674)
Cost of Issuing Revenue Bonds	(9,861)	(8,905)	(7,515)	(26,281)	(42,104)
Capital Contributions	29,504			29,504	178,284
Net Cash (Used For) Capital & Related Financing Activities	(1,256,650)	(351,141)	(108,165)	(1,715,956)	(4,088,747)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Earned on Investments	(1,033)	(3,150)	(2,066)	(6,249)	30,233
Net Cash Provided By (Used By) Investing Activities	(1,033)	(3,150)	(2,066)	(6,249)	30,233
 Net Increase in Cash	 725,726	 1,064,420	 783,593	 2,573,739	 490,831
 Cash and Cash Equivalents, July 1	 1,225,865	 3,129,091	 2,380,642	 6,735,598	 6,244,767
 Cash and Cash Equivalents, June 30	 \$ 1,951,591	 \$ 4,193,511	 \$ 3,164,235	 \$ 9,309,337	 \$ 6,735,598
 Cash and Cash Equivalents	 416,665	 895,315	 877,657	 2,189,637	 3,218,269
Investments	1,527,218	2,912,178	2,283,148	6,722,544	3,090,707
Restricted Cash	7,708	386,018	3,430	397,156	426,622
Total Cash and Cash Equivalents	\$ 1,951,591	\$ 4,193,511	\$ 3,164,235	\$ 9,309,337	\$ 6,735,598

Reconciliation of Operating Income to Net Cash Provided By Operating Activities					
Operating Income	\$ 911,593	\$ 873,769	\$ 1,365,422	\$ 3,150,784	\$ 3,552,756
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:					
Depreciation	1,071,300	588,839	131,847	1,791,986	1,579,662
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	55,333	57,101	(36,017)	76,417	66,076
Increase (Decrease) in Customer Deposits	999	(30,465)		(29,466)	64,270
Increase (Decrease) in Accounts Payable	(82,631)	(26,038)	(111,626)	(220,295)	(104,891)
Increase (Decrease) in Accrued Payroll	1,940	(1,076)	1,669	2,533	7,707
Increase (Decrease) in Compensated Absences Payable	46,857	25,674		72,531	831
Increase (Decrease) in Due to Other Funds		202		202	(403)
Total Adjustments	1,093,798	614,237	(14,127)	1,693,908	1,613,252
Net Cash Provided By Operating Activities	\$ 2,005,391	\$ 1,488,006	\$ 1,351,295	\$ 4,844,692	\$ 5,166,008

The notes to the financial statements are an integral part of this statement.

Comparative Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
ASSETS				
Cash			\$ 589,370	\$ 549,561
Investments	\$ 152,575	\$ 164,975		
Accounts Receivable			1,195	
Total Assets	<u>152,575</u>	<u>164,975</u>	<u>590,565</u>	<u>549,561</u>
LIABILITIES				
Due to General Fund	16	7,033		
Accounts Payable			598	
School Activities Payable			461,590	424,753
Lewiston Senior Citizens Payable			19,669	
DAB Payable			3,689	3,676
Franklin Pasture Payable			91,982	113,343
SSI Client Payable			13,037	7,789
Total Liabilities	<u>16</u>	<u>7,033</u>	<u>590,565</u>	<u>549,561</u>
NET ASSETS				
Held in trust for scholarships and other purposes	<u>\$ 152,559</u>	<u>\$ 157,942</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

**Comparative Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013**

	Private Purpose Trust Funds	
	2013	2012
ADDITIONS		
Investment Earnings	\$ 117	\$ 314
Total Additions	<u>117</u>	<u>314</u>
DEDUCTIONS		
Medical Disbursements	2,500	2,498
Scholarship Awards	<u>3,000</u>	<u>4,770</u>
Total Deductions	<u>5,500</u>	<u>7,268</u>
Change in Net Position	(5,383)	(6,953)
Net Position - Beginning	<u>157,942</u>	<u>164,895</u>
Net Position - Ending	\$ <u><u>152,559</u></u>	\$ <u><u>157,942</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LEWISTON, MAINE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

The financial statements of the City of Lewiston have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lewiston is a municipal corporation governed by an elected mayor and a seven-member council. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. As required by accounting principles generally accepted in the United States, these financial statements present the City with one blended component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended Component Unit. The Lewiston Mill Redevelopment Corporation (LMRC) was incorporated as a nonprofit entity on November 18, 1992, to act on behalf of the City Council in the management of the tax acquired former Bates Mill Complex. In fiscal year 2005, the LMRC sold a portion of the complex to a local developer for further rehabilitation and economic development. The upcoming charge of the Board is now to engage in activities to support redevelopment or demolition of the Bates Mill Building #5 and manage the boiler plant that services the majority of the mill complex. The LMRC operates under a four-member Board of Directors comprised of the Mayor of the City of Lewiston; the City Administrator; the Assistant to the City Administrator, and the City Finance Director. The LMRC is included in the City's financial statements as a nonmajor governmental special revenue fund because, although the entity is legally separate from the City, it only acts as a managing agent on behalf of the City. As such, it is essentially an extension of the City government. Financial statements for the LMRC can be obtained from the City of Lewiston's Finance Department, 27 Pine Street, Lewiston, Maine 04240.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, which encompass the Statement of Net Position and the Statement of Activities, report financial information on the City of Lewiston's nonfiduciary activities. The effect of significant interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on user fees and charges for service for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital

requirements of the respective function or segment. Taxes and other items not directly applicable to one function or segment are reported as general revenues.

The City of Lewiston has provided separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are not included in the government-wide financial statements. Individual governmental and enterprise funds that qualify as a major fund are reported as separate columns. Individual funds deemed to be nonmajor are condensed to one column on the fund financial statements.

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Under this basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the flow of cash. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues at the completion of all imposed eligibility requirements.

The modified accrual basis of accounting and the current financial resources measurement focus is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized only when it becomes available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A six month or less availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures deriving from long-term compensated absences, claims, and judgments are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year.

Property taxes, licenses, and governmental reimbursements are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Lewiston reports the following major governmental funds:

General Fund – is used to account for resources traditionally associated with the general operation of the government, which are not legally required or by sound financial management to be accounted for in another fund.

School Categorical Grants Special Revenue Fund – reports the activity of various federal and state educational grants for special programs administered by the Lewiston school department.

Debt Service Fund – records the accumulation of governmental resources to fund capital leases and general obligation bond principal and interest payments.

Capital Projects – a consolidated fund to account for the acquisition of municipal capital assets, or the construction of capital projects and infrastructure funded through general obligation bonds financed by governmental funds.

The City of Lewiston discloses the following major proprietary funds:

Water Enterprise Fund – reports the operating and construction activity of the water system for the City of Lewiston. This fund also provides half of the operating and land acquisition costs associated with the Lake Auburn Watershed Protection Commission.

Sewer Enterprise Fund – accounts for the operation of the sanitary sewer system in Lewiston and payment of Lewiston's share of the costs of waste water treatment provided by the Lewiston-Auburn Water Pollution Control Authority.

Storm Water Enterprise Fund – this fund was created to provide funding for federal storm water mandates and operations. User fees are derived from the amount of impervious surface owned by the customer that creates storm water run-off.

Additionally, the City of Lewiston reports the following Fiduciary Fund Types:

Private Purpose Trust Funds – funds used to report the activity for bequests left for charitable payments and scholarship awards. These assets are held by the City in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards and basic necessities for indigent individuals.

Agency Funds – account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds. The City of Lewiston serves as an agent for various school activity accounts, a downtown advisory board, the Franklin Pasture Sports Complex, and the Social Security pass-through client program.

Fiduciary Funds use an economic resources measurement focus, with the exception of Agency Funds which have no measurement focus.

As a general rule, the City has eliminated the effect of interfund activity from the entity-wide financial statements, with the exception of the water and sewer charges, and other governmental functions between the proprietary and governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish operating revenues and expenses from nonoperating activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues and expenses that are not derived directly from operations are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit with original maturities of less than three months. The City primarily invests in certificates of deposit. The City does not participate in any external investment pools. The investments are reported at their fair value on the balance sheet. For Statement of Cash Flow purposes, the City considers cash and cash equivalents to be demand deposits, certificates of deposit with maturities of less than three months and money market mutual funds.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Interfund Receivable" or "Interfund Payable" on the balance sheet for current activities and "advances to/from other funds" for noncurrent activities. Outstanding interfund balances between governmental activities and business-type activities are reported in the statement of net position as "internal balances".

All trade, property tax and loan receivables, where applicable, are shown net of an allowance for uncollectible accounts.

3. Inventories

Inventories are valued at cost in the School Categorical Grants Special Revenue Fund and at a weighted average cost method in the General Fund. The costs of inventory items are recognized as expenditures when purchased in the governmental funds, except for the School Categorical Special Revenue Fund and the Highway Department of the General Fund, where inventory items are recorded as expenditures when used. The business-type activities-Enterprise Funds utilize a just-in-time inventory system whereby inventory is delivered when needed and items are recognized as expenses when used. Therefore, no inventory is held for these funds.

4. Restricted Assets

Deposits placed on customer accounts for water and sewer service are classified as restricted assets on the balance sheet due to their limited use. It is the City's water and sewer policy to require an account deposit for all new service users. This deposit, with applicable interest, is restricted from general operating use in order to preserve monies to refund the customer after remaining in good standing for one year. If favorable credit standing is jeopardized within a year, the deposit proceeds are applied to delinquent balances.

5. Capital Assets

Capital assets, which include land, buildings, capital improvements, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the statement of net position financial statement. Assets are capitalized if their total cost exceeds \$5,000 and their useful life extends beyond one year. Capital assets are recorded at historical costs or estimated historical costs if constructed. Donated capital assets are recorded at estimated fair value at the time received.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are, also, not capitalized.

Capital assets of the City of Lewiston are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Public Improvements	20 - 50 years
Infrastructure	10 - 100 years
Equipment	3 - 15 years
Vehicles	5 - 10 years
Intangible Assets	10 years

6. Compensated Absences

Under terms of union contracts and employment agreements, City employees are granted vacation and sick leave in varying amounts. City employees, including teachers, may accumulate up to 160 days of unused sick leave. Teachers are reimbursed for up to 50 days of accumulated sick leave upon retirement; all other City employees are reimbursed for up to 75 days of accumulated sick leave upon retirement. Employees, with the exception of teachers, may accumulate up to 35 vacation days and are entitled to full payment upon termination.

Matured accumulated vacation and sick leave are reported as a liability in the governmental funds. All other vacation accumulations are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is created for amounts of accumulated sick leave that are not matured, yet qualified employees are entitled to these benefits upon separation or retirement. Noncurrent, vested sick balances are reported as a liability in the statement of net position for governmental and business-type activities, but typically liquidated by the General Fund.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognized long-term obligations as a liability when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The individual fund that incurred the original long-term debt obligation will provide the financial resources to liquidate the liability. The General Fund has the primary funding role in the liquidation of the net pension and other postemployment benefit obligations, and the liability for compensated absences.

The City elected to early implement GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities"* in the current fiscal year. As a result, bond issuance costs are recognized and expensed in the current period for both governmental and proprietary funds.

8. Deferred Outflows and Inflows of Resources

For fiscal year 2013, GASB Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"* was implemented. Deferred outflows of resources represent the future reporting of the consumption of the government's net position. Conversely, deferred inflows of resources will increase net position in a future period.

In addition to assets and liabilities, the Statement of Net Position and the Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows and inflows of resources. The City of Lewiston has a deferred inflow on its Governmental Fund Balance Sheet, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Unavailable tax revenue of \$1,739,518 is deferred and recognized as an inflow of resources in the period that the amounts become available.

On the Statement of Net Position, the City has a deferred outflow of resources in its Proprietary Funds totaling \$70,122, of which \$30,302 and \$39,820 relate to the Water and Sewer Funds respectively. These amounts represent charges relating to refunded debt, and will be recognized as outflows in future periods.

The City elected to early implement GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities"* in the current fiscal year. As a result, bond issuance costs are recognized and expensed in the current period for both governmental and proprietary funds.

9. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, for Lewiston, it's through City Council order, and that remains binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council

has delegated the authority to assign amounts for specific purposes. The City Council has delegated through its Fund Balance Policy, this authority to the City Administrator and the Finance Director.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund should be the only fund that reports a positive unassigned fund balance.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

10. Comparative Data and Reclassifications

Selected comparative total data for the prior year have been presented throughout this financial report in order to provide an understanding of the changes in the financial position and operations of these funds. Additionally, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Governmental Fund Balance Sheet includes a reconciliation between total governmental fund balance and governmental activities net position as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. The components of this \$140,589,344 difference are as follows:

Bonds Payable	\$	118,347,044
Bond Premium		2,642,776
Accrued Interest Payable		671,065
Obligation for Workers Compensation Claims		5,497,697
City Pension Plan Net Pension Obligation		1,614,919
Compensated Absences Payable – Sick		2,330,922
OPEB UAAL		1,349,925
MainePERS IUUAL		1,779,970
Repayment of Maine Seed Money		928,583
Compensated Absences Payable – Vacation		1,749,630
Capital Lease Payable		914,251
Landfill Closure and Post-Closure Care Costs		<u>2,762,563</u>
Net Adjustment to reduce total governmental fund balances to arrive at governmental activities net position	\$	<u>140,589,344</u>

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

Statement 5 provides a reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. One element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental

funds." Neither transaction, however, has any effect on the net position. The details of this \$6,891,594 difference are as follows:

Debt Issued:		
Issuance of General Obligation Bonds	\$	16,721,400
Principal Repayments:		
General Obligation Debt		(9,671,065)
Capital Lease Payments		<u>(158,741)</u>
Net Adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$	<u>6,891,594</u>

Another component of the reconciliation states that "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The elements that comprise the \$3,086,939 reconciling item are noted below:

Accrued Interest Adjustment	\$	263,693
Workers Compensation Claims		1,697,972
OPEB UAAL		71,791
Compensated Absences – Sick		291,030
Compensated Absences – Vacation		120,141
Landfill Closure & Postclosure Care		53,613
MainePERS IUUAL		(163,363)
Maine Seed Money Repayment		928,583
City Pension Plan Costs		<u>(176,521)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$	<u>3,086,939</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States with the exception that encumbrances are treated as expenditures for budgetary purposes. Budgets for the General Fund, Enterprise Funds and Community Development Block Grant (CDBG) Special Revenue Fund are formally adopted each year through the passage of an appropriation resolve. Other Special Revenue Funds and all Capital Projects Funds have adopted project-length budgets. Unencumbered appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year end are reported as assigned fund balance and do not constitute expenditures or liabilities because goods and services have not been received in the current year. However, for budgetary purposes, encumbrances are treated as expenditures.

Each year, on or before April 1, the City Administrator submits to the City Council a budget for the ensuing fiscal year along with an accompanying message. The Administrator's message explains the budget both

in fiscal terms and in terms of work programs. It outlines the proposed financial policies of the City for the coming fiscal year; describes the important features of the budget; indicates any major changes from the current year's financial policies, expenditures, and revenues, together with the reasons for such changes; summarizes the City's debt position; and includes such other materials as the Administrator deems desirable. It also describes the tax impact of the proposed budget.

The budget is prepared using accounting principles generally accepted in the United States basis with the exception that encumbrances are treated as expenditures for budgetary purposes and the on behalf payments by the State of Maine for the teacher's retirement plan are not budgeted. It provides a complete financial plan of the City's General and Enterprise Funds for the ensuing fiscal year. It begins with a general summary of its contents and shows in detail, all estimated income, indicating the proposed property tax levy affecting the general fund, and all proposed expenditures, including debt service, for the ensuing fiscal year, arranged to show comparative figures for actual and estimated income and expenditures to the preceding fiscal year. It indicates in separate sections:

- (a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by department in terms of their respective work programs, and methods of financing such expenditures;
- (b) Proposed capital expenditures during the ensuing fiscal year, detailed by department, and proposed method of financing such capital expenditures;
- (c) Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition; and
- (d) Comparative statements reflecting actual expenditures for the current year and estimated expenditures for the next succeeding fiscal year.

The Administrator makes allotments to various City departments in accordance with needs. No expenditures may be made or obligation incurred without his certification. The level of budgetary control is at the department level for the General Fund and Water, Sewer and Storm Water Enterprise Funds and at the federal program level for the CDBG Special Revenue Fund. The federal program level is established by HUD for program categories serviced by CDBG funds. Within each of these categories, the City of Lewiston outlines projects to be completed to satisfy HUD's national objectives. At any time during the fiscal year, the Administrator may transfer part or all of any unencumbered appropriation balance among programs within a department. Also, upon written request by the Administrator, the City Council may, by resolution, transfer part or all of any unencumbered balance to another department. If, during the fiscal year, the Administrator certifies that there are revenues in excess of the total estimated budget, the Council may make, after a public hearing, supplemental resolutions up to the amount of the excess revenues. Also, to meet a public emergency, the Council may make emergency appropriations by resolution. During the fiscal year ended June 30, 2013, there was one supplemental appropriation for \$30,000 in the human services department adopted by the City Council.

Every budgetary account lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Encumbered appropriations are carried forward into the following year's budget. Copies of the budget, as adopted, are public records and are made available for inspection by the public at designated places.

B. Budgetary Basis vs. GAAP Basis

The City's budget is reported on a modified accrual basis, except that current year encumbrances are treated as expenditures for budgetary purposes. For financial reporting on the budgetary basis, funds encumbered in the previous year are added to the current year's budgeted figures. Expenditures against the prior year's encumbrances are included with current year expenditures.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Special Revenue Fund - Budgetary Basis (Statement 6 and Exhibit B-3) presents comparisons of legally adopted budgets, modified by the inclusion of the previous year's encumbrances and with actual

expenditures modified by the inclusion of current year encumbrances. Since accounting principles applied for the purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States, a reconciliation of the entity's timing differences in Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses) of financial resources is provided on each financial statement.

As required by accounting principles generally accepted in the United States, the City has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on behalf of the City of Lewiston School Department. This amount has not been budgeted in the General Fund and results in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States. An intergovernmental revenue of \$3,883,002 and additional expenditure of \$3,883,002 in education have been included on Statement 2, Statement of Activities, and in the General Fund, and on Statement 4, Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (GAAP basis) and have not been reported on Statement 6 (Budgetary basis). Outstanding encumbrances are treated as expenditures under the Budgetary Basis. Total encumbrances amount to \$1,893,513 for General Fund on Statement 6, but have been properly excluded on Statement 4, under the GAAP basis of accounting. For the current year, the Community Development Block Grant Special Revenue Fund had encumbered program balances of \$158,299, at year end.

Given the lower than anticipated client needs, the human services department provided a \$960,717 surplus. As a result, the City Council voted to encumber these funds for various capital purchases which include demolition and IT equipment in the finance department (\$405,300); police vehicles totaling \$100,700; infrastructure improvements and equipment in public works (\$1,213,950); and transit bus replacement funds of \$80,000, resulting in budget deficits in these departments. Before the close of the fiscal year, the City's fire department was faced with a series of apartment building fires over a one-week period. Additional supplies and overtime required resulted in an \$83,342 fire department deficit. The mandated repayment of Medicare State Seed Funds by the school department produced a departmental deficit of \$475,506.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City of Lewiston has formally adopted an investment policy, whereby all available funds are invested at the highest possible rates, in conformance with legal requirements, while avoiding unreasonable risk. The current investment policy does not specifically address concentration of investment risk.

Deposits. At June 30, 2013, the carrying amount of the City's deposits was \$13,412,796 and the related bank balance was \$11,272,406.

Custodial Credit Risk for Deposits – The City of Lewiston does not have a formal policy that addresses custodial risk for deposits, which is the risk that the funds may not be returned in the case of bank failure. A portion of this risk is mitigated by the fact the financial institutions holding these deposits are F.D.I.C insured. Of the \$11,272,406 bank balance noted above, 100% was insured by federal depository insurance or collateralized. There were no remaining deposits held in the City's name that were exposed to custodial credit risk by being uninsured and uncollateralized.

Investments. Maine statutes authorize the City to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, corporate securities, stocks of financial institutions, and other stock investments.

At year end, the City's investments consisted of the following:

	Fair Value	Wt. Average Maturity in Years
Certificates of Deposits	\$6,801,195	1.68
Treasury Bonds	4,147,879	4.53
Corporate Stocks	1,007,003	N/A
Corporate Bonds	333,497	2.1
Money Market	24,810,085	Less than 1 year
Total Fair Value	\$37,099,659	

Interest Rate Risk – The City has a policy which dictates that less than 20% of its portfolio may be invested in maturities between one and ten years. As a result, the City elects to invest the majority of its funds in short term deposits to satisfy cashflow needs and limit their exposure to declines in fair value. Excess monies in the governmental funds are swept daily by the financial institution into overnight repurchase agreements.

Credit Risk – Maine statutes authorizes the City to invest in U.S. Treasury and agencies, repurchase agreements and certain corporate stocks and bonds. The Library Endowment Permanent Fund is the only fund that utilizes equity investments. The Library Board of Directors contracted with R.M. Davis to manage and invest the endowment funds through Charles Schwab in safe and secure equities. In accordance with City policy, investments in certificates of deposits must be F.D.I.C insured and the principal shall not exceed the amount covered by the insurance at a single financial institution. The City held \$96,750 of corporate bonds with a bond rating of A+, \$142,715 rated at an A/AA, \$83,851 rated at an A-, and \$10,181 at a BBB. The City did not investment in perfected repurchase agreements as a cash management tool in the current year.

Custodial Credit Risk for Investments – This is the investment risk taken by the City of Lewiston in the event that we will not be able to recover the value of our investments or collateral securities that are in the possession of an outside entity. The City limits its custodial risk by occasionally purchasing perfected repurchase agreements through the trust departments of TD Bank and Bangor Savings Bank, in the City's name and is held at the Federal Reserve Bank in Boston. Of the \$5,488,379 investment in corporate equities, bonds, and U.S. Treasuries, \$1,417,230 has custodial credit risk because those securities are uninsured, unregistered and are held by the City's brokerage firm.

B. Receivables

Receivables at June 30, 2013, for the City of Lewiston's individual major funds, nonmajor, and Business-type - Enterprise funds consist of the following:

	General	School Categorical	Capital Projects	Other Gov. Funds	Enterprise Funds			Total
					Water	Sewer	Storm Water	
Taxes	\$1,958,794			\$258,533				\$2,217,327
Accounts	838,820	\$621		19,758	\$932,997	\$995,811	\$520,956	3,308,963
Notes\Loans	1,000,000			2,953,044				3,953,044
Intergovernmental	993,932	1,802,933	\$214,701	127,067				3,138,633
Gross Receivables	4,791,546	1,803,554	\$214,701	3,358,402	932,997	995,811	520,956	12,617,967
Less: Allowance for Uncollectibles	(1,660)			(954,492)	(26,152)	(36,793)	(154,027)	(1,173,124)
Net Receivables	\$4,789,886	\$1,803,554	\$214,701	\$2,403,910	\$906,845	\$959,018	\$366,929	\$11,444,843

Property taxes for the current year were committed May 1, 2012, on the assessed value listed as of April 1, 2012, for all real and personal property located in the City. Taxes were due in two installments: September 17, 2012, and March 15, 2013. Interest was charged at 7% on all taxes unpaid as of the due date. Under state statute, the Tax Collector, after the expiration of eight (8) months, and within one year after the date of the original tax commitment, records a tax lien certificate against any unpaid real estate property tax.

The last complete revaluation occurred in 1988 and was effective for the 1988 assessment. A revaluation of land values occurred in 2003 for fiscal year 2004. The assessed value for the list of April 1, 2012, upon which the 2013 levy was based, was at approximately 84.4% of the estimated market value.

Property taxes levied during fiscal year 2013 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2013 and during the 1st 60 days of fiscal year 2014 are recognized as revenues in the Governmental Funds, in fiscal year 2013. Receivables of \$1,739,518, estimated to be collectible subsequent to the 60 day period are considered to be deferred inflows of resources. Prior year tax levies were recorded using this same principle.

The non-current portion of the notes/loans receivable in the General Fund and Special Revenue Funds are categorized in the nonspendable portion of fund balance in that fund because these assets are not in spendable form.

Intergovernmental receivables consist primarily of funds due from the State of Maine and from the Office of Housing and Urban Development.

On the Statement of Net Position, the Governmental Funds reported \$677,152 as unearned revenue. This amount represents the prepayment of fiscal year 2014 taxes, solid waste removal for multi-unit apartment buildings and monthly parking billing; and contractors' deposits in advance for work to be performed in 2014. The unearned revenue reflects the recognition of resources that have been received but yet to be earned.

C. Capital Assets

The following is a summary of changes in the Primary Government's Governmental Activities' Capital Assets during the fiscal year:

	Balance		Balance	
	July 1, 2012	Additions	Retirement	June 30, 2013
Capital Assets Not Depreciated:				
Land	\$ 13,746,638	\$ 11,048	\$ 18,077	\$ 13,739,609
Construction in Progress	4,856,057	8,355,332	2,864,609	10,346,780
Total Capital Assets Not Depreciated	18,602,695	8,366,380	2,882,686	24,086,389
Capital Assets Being Depreciated:				
Buildings	87,922,843	795,312	168,571	88,549,581
Improvements Other Than Buildings	29,000,586	111,395	15,752	29,096,228
Machinery and Equipment	39,497,379	1,803,373	1,128,880	40,171,874
Infrastructure	119,980,169	1,131,809		121,111,978
Total Capital Assets Being Depreciated	276,400,978	3,841,889	1,313,203	278,929,664
Less Accumulated Depreciation for:				
Buildings	(30,344,230)	(2,485,479)		(32,829,709)
Improvements Other Than Buildings	(8,017,022)	(983,193)		(9,000,215)
Machinery and Equipment	(14,316,940)	(2,133,666)	(761,034)	(15,689,572)
Infrastructure	(45,790,961)	(2,466,461)		(48,257,422)
Total Accumulated Depreciation	(98,469,153)	(8,068,800)	(761,034)	(105,776,919)
Total Net Capital Assets				
Being Depreciated	177,931,825	(4,226,910)	552,169	173,152,746
Governmental Activities Capital Assets, Net	\$ 196,534,519	\$ 4,139,470	\$ 3,434,855	\$ 197,239,131

Depreciation expense was charged to the various governmental functions as follows: general government, \$1,236,803; public safety, \$465,263; public works, \$3,409,517; culture and recreation, \$457,549; and education and nutrition, \$2,499,668.

At June 30, 2013, the City had entered into contracts for, or had otherwise committed to, the construction or renovation of various facilities as follows:

	Project Authorization	Expended To Date	Commitment	Required Further Financing
Business Park Develop.	\$ 1,048,060	\$ 687,579	\$ 25,287	None
City Building Improvements	5,225,000	5,120,905	76,942	None
Landfill Regulatory Testing	155,197	82,453	4,872	None
Riverfront Master Plan	180,000	80,399	20,110	None
River Greenway Project	97,000	80,281	5,525	None
Comprehensive Plan	100,000	73,000	17,000	None
Software Implementation	178,000	131,606	46,394	None

The following is a summary of the Primary Government's Business-type capital assets for the City's Enterprise Funds at June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets Not Depreciated:				
Land	\$ 1,293,510	\$ 1,200		\$ 1,294,710
Construction in Progress	3,164,047	4,388,832	\$ 4,819,099	2,733,780
Total Capital Assets Not Depreciated	4,457,557	4,390,032	4,819,099	4,028,490
Capital Assets Being Depreciated:				
Buildings	8,914,782	1,843,452		10,758,234
Equipment	2,360,868	297,900	149,481	2,509,287
Sewer and Water Lines	67,390,413	3,099,197	84,526	70,405,084
Total Capital Assets Being Depreciated	78,666,063	5,240,549	234,007	83,672,605
Less Accumulated Depreciation for:				
Buildings	(3,528,519)	(200,576)		(3,729,095)
Equipment	(1,762,178)	(206,925)	(149,481)	(1,819,622)
Sewer and Water Lines	(14,243,705)	(1,384,485)	(74,716)	(15,553,474)
Total Accumulated Depreciation	(19,534,402)	(1,791,986)	(224,197)	(21,102,191)
Total Net Capital Assets Being Depreciated	59,131,661	3,448,563	9,810	62,570,414
Business-type Capital Assets, Net	\$ 63,589,218	\$ 7,838,595	\$ 4,828,909	\$ 66,598,904
	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Intangible Assets Being Amortized:				
Intangible Asset Costs	\$ 771,317		\$ 44,715	\$ 726,602
Less Accumulated Amortization	(281,890)	\$ (94,202)	(44,715)	(331,377)
Business-type Intangible Assets, Net	\$ 489,427	\$ (94,202)		\$ 395,225

Depreciation expense was charged to the various business-type activities as follows: water enterprise fund, \$1,071,300; sewer enterprise fund, \$588,839, and the storm water enterprise fund, \$131,847. The water, sewer and storm water enterprise funds incurred amortized deferred charges of \$57,959, \$61,249, and \$105,650 respectively.

D. Interfund Transactions

As of June 30, 2013, the balances of interfund activity were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 866,872	\$ 4,145
School Categorical Grants	356,741	1,146,138
Sewer Enterprise Fund		202
Nonmajor Governmental Funds		73,128
Total	\$ 1,223,613	\$ 1,223,613

Interfund receivables and payables as of year end primarily represent unreimbursed accounts payable and payroll disbursements from the General Fund's consolidated checking account.

Transfers In/Out:

	Transfers In	Transfers Out
General Fund	\$ 1,076,996	\$ 13,248,959
School Categorical Grants		418,841
Debt Service Fund	13,647,185	
Capital Projects Fund	42,842	42,842
Nonmajor Governmental Funds	93,358	600,988
Water Enterprise Fund		21,982
Sewer Enterprise Fund		69,295
Storm Water Enterprise Fund		457,471
Total	\$ 14,860,381	\$ 14,860,381

The majority of the transfers between funds are comprised of debt service payments of current year principal and interest payments, to the Debt Service Fund. Other transfers are made for fringe benefit payments and overhead costs.

E. Leases

Operating Leases. The City of Lewiston renovated the old District Court Building in order to prepare for the State of Maine's Violation Bureau's operations. The City has a 15 year lease with the Judicial Department, with a 5 year renewal option. Rental income from this operating lease in 2013 was \$124,780. The cost of the building and associated improvements was \$735,889 and accumulated depreciation at the end of this fiscal year was \$531,129 resulting in the net carrying value of \$204,760.

Lewiston CellTelCo. Partnership has contracted with the City of Lewiston, the lessor, to rent a portion of roof and ground space at the Lewiston Armory to construct a mobile telephone base station. The agreement is for five years, with 3 five-year renewal options, in the amount of \$21,961 per year.

St. Mary's Regional Medical Center entered into a parking and circulation easement agreement with the City, the lessor, to rent a portion of land near the Lewiston Armory. This ten year lease provides an annual payment of \$12,500 to be utilized by the school department's Aspirations Program and \$9,500 to the municipal government.

The City of Lewiston leased 10,000 square feet of land to Mariner Tower II, LLC, the lessee, to construct a communications tower and related infrastructure. This is a five year lease with 5 five-year renewal provisions. Rental income of \$14,214 was received in fiscal year 2013.

As part of the Southern Gateway Development, the municipality, as a lessee, entered into two operating leases for four parcels of land. The security of this land afforded the City the opportunity to construct a new municipal parking garage and a parking area in our targeted development area. Rental expenditures for this lease were \$30,000, and \$3,960 respectfully for each lease.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the City's capital assets. The lessees are responsible for paying all executory costs such as maintenance and insurance.

The following is a schedule by year, of minimum future rental income and expenditures on the City's non-cancelable operating leases as of June 30, 2013:

Fiscal Year Ended June 30	General Fund Rental Income	General Fund Rental Expenditures
2014	\$ 191,000	\$ 41,690
2015	192,625	39,423
2016	183,922	38,433
2017	167,332	38,433
2018	161,904	38,433
Thereafter	76,947	1,386,782
TOTAL	\$ 973,730	\$ 1,583,194

Minimum future rentals do not include contingent rentals which may be received as stipulated in the lease contracts. There were no contingent rental payments received in fiscal year 2013.

Capital Leases. The City has entered into four capital lease agreements as a lessee for financing municipal equipment. These leases have given rise to property rights and qualify as a capital lease for accounting purposes. These assets acquired through capital leases included machinery and equipment of \$1,506,145 less \$225,717 of accumulated depreciation, were recorded in the Governmental Activities Fund.

Payment obligations for these capital leases have been satisfied as of year end. The future minimum lease obligations of the remaining leases, and the net present value (PV) of these minimum lease payments as of June 30, 2013, were as follows:

Fiscal Year Ended June 30	Lease Payment Amount
2014	\$205,644
2015	205,644
2016	181,664
2017	181,072
2018	178,148
Thereafter	93,319
Less: Amount of Interest	(131,241)
PV of Lease Payments \$	\$914,251

F. Long-Term Debt

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20 year serial bonds, with equal amounts of principal maturing annually.

The general obligation bonds currently outstanding, of the original \$189,144,621 issued, are as follows:

Municipal Improvements	Interest Rate	Balance At 6/30/13
Capital Improvement – 1994	4.4%	104,500
Capital Improvement – 1995	6.0%	67,213
Capital Improvement – 1996	4.7%	497,250
Capital Improvement – 1997	5.1%	95,146

Capital Improvement – 1998	4.6%	162,500
Capital Improvement – 1999	4.5%	658,250
Capital Improvement – 2000	5.2%	729,268
Capital Improvement – 2001	4.3 & 6.9%	3,678,970
Capital Improvement – 2002	4.3%	1,232,080
Municipal Pension Bonds	3.17%	9,000,000
Qualified Zone Academy Bonds – 2003	0%	594,400
Capital Improvement – 2003	3.2%	2,194,500
Capital Improvement – 2004	4.25%	11,491,886
Capital Improvement – 2005	4.01%	8,125,725
Capital Improvement – 2006	4.17%	5,559,977
Capital Improvement – 2007	4.46%	5,616,000
Education Bonds – 2008	3.5 & 4.2%	9,220,540
Capital Improvement – 2008	5.1%	19,968,750
School Renovation Loan Fund -2008	0%	32,416
Capital Improvement – 2009	3.6%	5,540,400
McMahon Expansion Project – 2009	0%	2,607,695
Capital Improvement – 2010	2.8%	6,917,400
School Renovation Loan Fund - 2010	0%	255,561
School Qualified Construction Bonds	2%	1,309,383
Capital Improvement – 2011	2.94%	3,568,600
Capital Improvement – 2012	1.89%	2,397,233
Capital Improvement – 2013	2.1%	16,721,400
		\$ 118,347,043

Annual debt service requirements to maturity for general obligation bonds, including interest of \$28,308,992 are as follows:

Fiscal Year	Total Debt		
Ended	Principal	Interest	Service
June 30	Requirements	Requirements	Requirements
2014	\$ 10,884,147	\$ 3,958,138	\$ 14,842,285
2015	10,683,359	3,599,313	14,282,672
2016	10,641,251	3,270,892	13,912,143
2017	10,112,217	2,945,405	13,057,622
2018	9,776,365	2,637,484	12,413,849
2019-2023	41,429,687	8,638,521	50,068,208
2024-2028	19,893,017	2,880,854	22,773,871
2029-2033	4,927,000	378,385	5,305,385
Total	\$ 118,347,043	\$ 28,308,992	\$ 146,656,035

Revenue Bonds. The City also issues bonds through its Enterprise Fund, where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2013, of the total \$56,988,840 originally issued, are as follows:

Municipal Improvements	Interest Rate	Balance at 6/30/13
<u>Water Division:</u>		
Water Improvement – 1994	4.4%	42,000
Water Improvement – 1995	6.0%	27,788
Water Improvement – 1996	4.7%	87,750
Water Improvement – 1997	5.1%	168,024
Water Improvement – 1998	4.6%	87,500
Water Improvement – 1999	4.5%	147,292
Water Improvement – 2000	5.4%	33,762
Water Improvement – 2001	4.3%	98,342
Water Improvement – 2002	4.3%	310,202
Water Improvement – 2003	3.2%	2,280,000
Water Improvement – 2004	4.25%	289,517
Water Improvement – 2005	4.02%	3,036,127
Water Improvement – 2006	4.17%	254,935
Water Improvement – 2007	4.46%	980,000
Water Improvement – 2008	5.1%	806,250
U.V. Treatment Facility	0%	2,235,445
Water Improvement – 2009	3.6%	1,043,600
Water Improvement – 2010	2.8%	990,600
Chlorination Facility	0%	1,145,475
Water Improvement – 2011	2.7%	1,891,400
Water Improvement – 2012	2.1%	1,160,183
Water Improvement – 2013	2.5%	2,300,000
		19,416,192
<u>Sewer Division:</u>		
Sewer Improvement – 1994	4.4%	3,500
Sewer Improvement – 1997	5.1%	20,244
Sewer Improvement – 1999	4.5%	29,458
Sewer Improvement – 2000	5.4%	148,555
Sewer Improvement – 2001	4.3%	532,688
Sewer Improvement – 2002	4.3%	382,718
Sewer Improvement – 2003	3.2%	465,500
Sewer Improvement – 2004	4.25%	413,596
Sewer Improvement – 2005	4.02%	188,147
Sewer Improvement – 2006	4.17%	475,088

Sewer Improvement – 2007	4.46%	2,295,000
Sewer Improvement – 2008	5.1%	337,500
Clean Water Act	0%	258,827
Sewer Improvement – 2009	3.6%	268,000
Sewer Improvement – 2010	2.8%	641,250
Sewer Improvement – 2011	3.1%	1,615,000
Sewer Improvement – 2012	2.1%	1,915,501
Sewer Improvement – 2013	2.5%	<u>2,075,000</u>
		12,065,572

Storm Water Division:

Storm Water Improvement – 2007	4.46%	2,220,000
Storm Water Improvement – 2008	5.1%	172,500
Clean Water Act	0%	258,827
Storm Water Improvement – 2009	3.6%	348,000
Storm Water Improvement – 2010	2.8%	990,750
Storm Water Improvement – 2011	3.1%	980,000
Storm Water Improvement – 2012	2.1%	1,637,083
Storm Water Improvement – 2013	2.3%	<u>1,750,000</u>
		8,357,161

Total Revenue Bond Debt	39,838,925
Less: Current Installments	<u>2,899,228</u>
Long-Term Revenue Bond Debt	\$ <u>36,939,697</u>

Revenue bond debt service requirements to maturity, including \$9,669,327 of interest, are as follows:

Fiscal Year	Annual Debt		
Ended	Principal	Interest	Service
June 30	Requirements	Requirements	Requirements
2014	\$ 2,899,228	\$ 1,159,838	\$ 4,059,066
2015	2,811,200	1,074,857	3,886,057
2016	2,803,308	991,440	3,794,748
2017	2,767,342	908,692	3,676,034
2018	2,706,495	834,535	3,541,030
201-2023	12,723,331	3,032,351	15,755,682
2024-2028	9,053,826	1,374,995	10,428,821
2029-2033	<u>4,074,194</u>	<u>292,619</u>	<u>4,366,813</u>
TOTAL	\$ 39,838,925	\$ 9,669,327	\$ 49,508,251

At June 30, 2013, the City had \$16,951,625 bonds authorized by the City Council but have not been issued. There are no restrictive bond covenants with which the City must comply.

Changes in Long-Term Liabilities. During the year ended June 30, 2013, the following changes occurred in long-term liabilities for the City of Lewiston:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Debt	\$111,661,314	\$46,291,400	\$39,605,670	\$118,347,043	\$10,884,147
Bond Premium		\$2,642,776		\$2,642,776	\$176,168
Workers Comp Claims	3,799,725	2,728,043	1,030,071	5,497,697	1,500,000
Compensated Absences - Sick	2,039,892	449,651	158,621	2,330,922	155,000
Capital Leases	1,072,992		158,741	914,251	165,517
Comp. Absences - Vacation	1,629,489	150,918	30,777	1,749,630	75,000
OPEB UAAL	1,278,434	307,467	235,976	1,349,925	
City Pension Plan Net					
Pension Obligation	1,791,440	23,489	200,010	1,614,919	
MainePERS IUUAL	1,943,333	103,253	266,616	1,779,970	266,616
Maine Seed Funds Repayment		1,100,583	172,000	928,583	309,528
Landfill Closure and Post- closure Care	2,708,950	84,613	31,000	2,762,563	31,000
Total Governmental Activities	127,925,567	53,882,193	41,889,482	139,918,279	13,562,976
<u>Business-Type Activities:</u>					
Revenue Bond Debt	36,619,306	6,125,000	2,905,381	39,838,925	2,899,228
Bond Premium		525,802		525,802	35,053
Comp. Absences - Vacation	74,376	80,261	7,730	146,907	7,730
Total Business-Type Activities	36,693,682	6,731,063	2,913,111	40,511,634	2,942,011
Total Liabilities	\$164,619,249	\$60,613,256	\$44,802,593	\$180,429,913	\$16,504,987

The City is subject to the laws of the State of Maine which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2013, the statutory limit for the City was \$329,512,500.

In accordance with the Tax Reform Act of 1986, governments issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit the rebate to the federal government, subject to certain exceptions. Since the effective date of these rules, the City has been subject to one arbitrage refund due to a spend-down exception on its 2006 bond issue. The rebate amount remitted was \$13,604 and has satisfied the requirement for that issuance. The City has issued bonds, including the bond issue for the year ended 2013, which may be subject to an arbitrage calculation. The amount will not be determined until the related projects are completed or the five year anniversary has lapsed.

Advance & Current Refundings. On February 12, 2013, the City sold \$29,570,000 of general obligation refunding bonds to current and advance refund the outstanding callable maturities of the City's 2003, 2004, 2005 A & C, and 2006 series general obligation bonds. Advance refunding proceeds of \$16,035,000 were placed in an irrevocable trust for the purpose of generating resources to satisfy the remaining debt obligations for the 2004 and 2006 bonds. The remaining years were currently refunded at \$13,535,000, and paid in March. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. The reacquisition price was less than the prior principal carrying value of those bonds by \$660,041. The true interest rate (TIC) on the 2003 and 2006 refundings, known as Series A, was 2.385%, and the TIC on Series B, which included 2004 and 2005 A & C, was 1.735%. The economic gain by issue was: 2003 - \$542,515; 2004 - \$1,558,607; 2005A - \$968,868;

2005C - \$118,252; and 2006 - \$500,973. There was a \$434,768 reduction in cashflow required between the old debt and the new debt.

In prior years the City defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2013, \$43,972,750 of bonds outstanding are considered defeased.

Overlapping Debt. The actual direct and overlapping debt at June 30, 2013, of \$169,730,348 was \$182,235,004 less than the statutory limit. The City's proportionate share of all local governmental units which provide services within the City and which must be borne by properties in the City, is summarized below:

	Debt	Percentage	City's Share
	Outstanding	Applicable to the City	of Debt
Municipal & School Debt	\$118,347,043	100.00%	\$118,347,043
Water, Sewer & Storm Water Debt	39,838,925	100.00%	39,838,925
L.A. Water Pollution Control Authority	20,935,115	54.82%	11,476,630
L.A. Watershed Protection Comm.	38,000	50%	19,000
L.A. 911 Committee	97,500	50%	48,750
			\$169,730,348

This results in a ratio of City debt to April 1, 2012 assessed valuation of 8.5% and a ratio of overlapping debt to April 1, 2012 valuation of 9.1%.

Conduit Debt. The City has from time to time, assisted third parties in financing capital activities by participating in conduit debt transactions. The City is not obligated in any manner for this debt, and as a result has not reported these liabilities or any related assets in the basic financial statements. The outstanding principal balance of conduit debt, as of June 30, 2013, was \$3,995,144.

V. OTHER INFORMATION

A. Tax Increment Financing Districts

The City of Lewiston has established several tax increment financing districts (TIFs) to stimulate new investment in the community by assisting businesses with public infrastructure or unusually high development costs. Taxes generated from TIF districts can be "captured" and utilized to pay for the City's bonded indebtedness associated with the new public infrastructure investment or returned to the developer in the form of a credit enhancement. The City of Lewiston accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in the Urban Development Special Revenue Fund. The following is a brief description of each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	New Taxes	Expended for Debt or Credit Enhancement
Birch Hill Housing	\$30,700	\$650,000	\$5,384	\$10,587
Lofts at Bates Mill	\$402,450	\$586,800	\$4,754	None
Gendron Business Park	\$300,000	\$527,960	\$5,790	None
Bates St. Housing	\$187,000	\$1,600,000	\$7,288	\$29,153
RPM Realty Trust	\$2,096,200	\$5,790,530	\$57,547	\$37,730
81 Ash Street	\$519,750	\$1,585,000	\$10,989	\$16,484
Franklin Property Trust	\$443,800	\$7,279,300	None	\$176,617
CMP Sub-station	\$16,950	\$3,225,500	None	\$81,728
Wal-Mart	\$1,333,700	\$58,964,200	\$779,091	\$1,036,817

B. Risk Management

The City is self-insured in the areas of workers' compensation and unemployment compensation, and accounts for and finances its uninsured risks of loss in the General Fund. The City established a limited risk management program for Workers' Compensation in 1979. The program is self-insured for up to \$500,000 per occurrence on all employees. Excess coverage is purchased above this retained level. The City has contracted with outside parties for claims administration. All funds of the City participate in the program. Funds are appropriated in the General Fund and premiums are assessed to all other participating funds to pay claims, claim reserves and administrative costs of the program. These payments are based primarily on rates established by the State of Maine for various job classifications and are adjusted to cover the liability for future claims, as determined by annual actuarial estimates. The actuarial estimates reflect discounting at 5% to recognize the significant time lag between when claim obligations are recognized by the City and when claims are paid.

During the fiscal year ended June 30, 2013, a total of \$1,264,259, net of insurance proceeds, was paid in benefits and administrative costs. The outstanding future claim settlements estimation is reported on the Statement of Net Position-Governmental Activities as a noncurrent liability. Consistent with accounting principles generally accepted in the United States, a liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Workers' Compensation claims liability amount in fiscal years 2012 and 2013 were as follows:

	2012	2013
Beginning Liability Balance	\$3,338,295	\$3,799,725
Current Year Changes in Estimates	1,457,746	2,728,043
Claims Payments	(996,316)	(1,030,071)
Ending Balance	\$3,799,725	\$5,497,697

Currently, there is a shortfall of \$3,705,246 between the amount available to pay the noncurrent workers' comp claims and the noncurrent workers' comp. liability. The City increased the shortfall by \$1,981,560 during this fiscal year despite the utilization of a safety incentive program and cost savings measures. The City will continue to fund this shortfall over the next few years through increased budget appropriations. Claims for unemployment compensation do not represent a material amount and therefore have not been accrued at year end.

Other. Additionally, the City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City either carries

commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association (MMA) for property and casualty. Based on the coverage provided by the pool, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2013, nor were there any additional settlements that exceeded the maximum limitation.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Related Organizations

The Mayor has the responsibility for appointing all seven members of the Lewiston Housing Authority Board of Directors, who serve staggered five-year terms. Each appointment is subject to confirmation by the City Council. The City's accountability for the Housing Authority does not extend beyond making these appointments.

E. Joint Ventures

The City of Lewiston has entered into several joint ventures with other entities. These joint ventures are considered to be separate reporting entities and have not been included within the financial statements of the City. The joint ventures are as follows:

1. Lewiston-Auburn Water Pollution Control Authority

The Lewiston-Auburn Water Pollution Control Authority is a joint venture of the City of Lewiston and the Auburn Sewerage District. The Authority was incorporated in 1967, as a quasi-municipal corporation to provide and maintain facilities adequate for the treatment and disposal of waste water discharged by the sewage systems of the two cities.

Income and losses are allocated among the participating entities based on the service benefiting each city. The Lewiston-Auburn Water Pollution Control Authority meets the criteria for a joint venture of the Business-type Fund and is included as an investment in the City's Sewer Enterprise Fund using the equity method of accounting.

Management consists of a seven member Board of Directors comprised of (1) the Lewiston Assistant City Administrator; (2) the Lewiston Public Services Director; (3) an at-large citizen of Lewiston who is appointed by the Mayor and confirmed by the City Council; (4) the Auburn City Manager; (5) the Superintendent of the Auburn Water & Sewerage District; (6) the President or his appointee of the Auburn Water & Sewerage District; and (7) a resident of either Lewiston or Auburn elected by the Board.

The City's share of the net change in the Authority's net position is reported as a nonoperating revenue in its Sewer Enterprise Fund. At June 30, 2013, the City's equity interest in the LAWPCA was recorded at \$13,287,253, an increase of \$594,877 over 2012. In the fiscal year ended June 30, 2013, \$2,552,301 was paid to the Authority out of the City's Sewer Enterprise Fund. At December 31, 2012, the Authority was liable for unsecured bonds payable totaling \$20,935,115, a decrease of \$1,071,331 from 2011. The City's liability for the Authority's debt is limited to its share of the operations. In 2013, Lewiston's share was set at 54.82%. Complete financial statements can be obtained from the LAWPCA's main office at 535 Lincoln Street, Lewiston, Maine, 04240.

2. Auburn-Lewiston Municipal Airport

The Auburn-Lewiston Municipal Airport is owned jointly by the cities of Auburn (50%) and Lewiston (50%). The board is comprised of the Auburn City Manager; the Lewiston Finance Director; one councilor from each city, appointed by their respective City Council; one member from each city, appointed by their respective City Council; one member nominated by the Chamber of Commerce and approved by the Board, with each appointment being a resident of the alternate city of the previous seventh member; one member appointed from the Lewiston Auburn Economic Growth Council; and one member appointed from the Androscoggin Valley Council of Governments.

The City of Lewiston contributed \$105,000 for operating expenditures. In addition to contributions from the two municipalities, the Airport derives revenue through rents, user fees, interest from investments in time deposits, and from federal and state grants. In the year ended June 30, 2013, the Airport's unrestricted net position decreased by \$11,543 to \$754,246. Complete financial statements can be obtained from the Airport's main office at Lewiston Junction Rd, Auburn, Maine, 04210.

3. Lewiston-Auburn Transit Committee

The Lewiston-Auburn Transit Committee is a joint venture of the Cities of Lewiston and Auburn. The Committee was formed for the purpose of planning and implementing short-term and long-term bus transit development. The Committee also applies for and administers federal and state capital acquisition and operating assistance grants, for mass transit benefiting the twin city area. Since 1982, the Transit Committee has leased its buses to a private operator, for transit system use. The Committee is made up of seven members, three each from the cities of Lewiston and Auburn, appointed by their respective City Councils, and an at large member from either city appointed by the Committee.

The Committee's sources of revenue include rentals, federal and state grants, and contributions from the Cities of Lewiston and Auburn. For the fiscal year ended June 30, 2013, the City of Lewiston contributed \$235,496 for operating expenses. In the year ended September 30, 2012, the Committee's unrestricted net position increased by \$20,707 to \$113,666. Complete financial statements can be obtained from the Androscoggin Valley Council of Governments, 125 Manley Rd, Auburn, Maine, 04210.

4. Lewiston-Auburn Economic Growth Council

The Lewiston-Auburn Economic Growth Council (LAEGC) is a non-profit corporation formed to stimulate industrial and commercial development and expansion in the Cities of Lewiston and Auburn. Lewiston participates equally in this joint venture with the City of Auburn. The Council is administered by a twelve member board comprised of three members from each city who are appointed by the Mayors of those cities. Three board members are appointed by the Lewiston Development Corporation and three board members are appointed by the Auburn Business Development Corporation.

The Council derives the bulk of its revenues from the participants, but also receives some funds from user fees. In fiscal year 2013, the City of Lewiston contributed \$160,687. In the year ended June 30, 2012, the LAEGC's unrestricted net position decreased by \$43,855 to \$487,736. Complete financial statements may be obtained at the LAEGC's main office at 415 Lisbon St., Lewiston, Maine, 04240.

5. Lewiston-Auburn 9-1-1 Committee

The Lewiston-Auburn 9-1-1 Committee is a joint venture of the Cities of Lewiston and Auburn. Incorporated on January 26, 1978, the committee provides an emergency communication system for the Lewiston-Auburn area. The Committee is made up of nine members: the police and fire chiefs of each city; one councilor from each city; a citizen-at-large from each city, appointed by the respective city councils; and a citizen-at-large elected by those eight members.

The committee's primary source of revenues consists of equal contributions from the Cities of Lewiston and Auburn. In the fiscal year ended June 30, 2013, the City of Lewiston contributed \$1,035,156. In the year ended June 30, 2013, the Committee's unrestricted net position increased by \$66,133 to \$96,534. Complete financial statements may be obtained from the Lewiston-Auburn 9-1-1 Manager at 550 Minot Ave. Auburn, Maine, 04210.

6. Lake Auburn Watershed Protection Commission

The Lake Auburn Watershed Protection Commission is a joint venture of the City of Lewiston and the Auburn Water District. The Commission, incorporated in 1993, was created to preserve the purity of Lake Auburn, the main water source for the twin cities.

The Commission is administered by a nine member board made up of three members appointed by the Auburn Water District, of whom one must be the Trustee; three members appointed by the Lewiston City Council, of whom one must be a Councilor; two members appointed by the municipal officers of the following towns which border the watershed: Minot, Hebron, Buckfield, and Turner; and one member of the Androscoggin Valley Council of Governments who must be its Executive Director or his designee.

The Commission derives its revenues solely from equal contributions from the City of Lewiston and the Auburn Water District. The Lake Auburn Watershed Protection Commission meets the criteria for a joint venture of the Business-type Fund and is included as an investment in the City's Water Enterprise Fund. At June 30, 2013, the City's equity interest in the Commission was \$2,413,173, an increase of \$83,938. The City also contributed \$140,607 as its share of the Commission's operating expenses for the year. Complete financial statements can be obtained from the City of Lewiston's Finance Department, 27 Pine St., Lewiston, Maine, 04240.

F. Landfill Closure and Postclosure Care Cost

Under state and federal laws and regulations, the City is required to place a final cover on its landfills when waste is no longer accepted, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. In addition to operating expenditures related to current activities of the landfills, the City is recognizing a related liability based on estimated future closure and postclosure care costs that will be paid near or after the date that the landfills stop accepting waste and ash. The City reports a portion of these closure and postclosure care costs as a long-term liability on the Statement of Net Position under Governmental Activities based on landfill capacity used as of each balance sheet date.

In December 1992, the then existing River Road landfill stopped accepting waste. Work on the final cover was completed in the fiscal year ended June 30, 1995. The new landfill began accepting waste in April 1992 and is currently a recipient of ash, as part of an Ash for Trash Program. This landfill is expected to remain operational until 2025. The cumulative amount estimated to date for post-closure care costs of the closed landfill totals \$442,600. The closure and postclosure care costs, based on the usage to date of 48.73% of total estimated capacity of the new landfill, amount to \$2,319,963. The total liability of \$2,762,563 is reported as a noncurrent liability of the Statement of Net Position. The liability increased by a net of \$53,613 based on utilization of the new landfill and the amortization of the postclosure landfill costs during the year. The balance of estimated closure and postclosure care costs for the new landfill, of \$4,916,556 will be recognized as the remaining capacity of the landfill is utilized. The estimated total current cost of the landfill closure and postclosure care, of \$5,359,156, is based on the amount that would be paid for all equipment, facilities, and services required to close, monitor, and maintain the landfill as of June 30, 2013.

The estimated cost of closure and postclosure care does not anticipate cost sharing with the State of Maine. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, or lower if the State of Maine reimburses the City for a portion of the cost. The City expects to pay for the actual closure cost with general obligation bonds issued at the time of closure and for postclosure care costs through its annual operating budgets thereafter.

G. Prior Period Adjustments

During the current fiscal year, the City had cause to restate prior year balances on the Statement of Net Position. The formula used to calculate net investment in capital assets inadvertently omitted the related debt amount of \$92,461,314 during a revision. This omission resulted in the net investment in capital assets to be overstated by the \$92,461,314 and the unrestricted portion to be understated by that same amount.

H. Deferred Compensation Plans

The City of Lewiston offers its employees two deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all city employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In 1997, the City amended the plan in accordance with the provisions of IRC Section 457(g). In that year, assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the City's financial statements.

Investments are managed by the plans' trustees under several investment options. The choice of investment options is made by the participants.

I. Other Post Employment Benefits

The City of Lewiston is a member of the Maine Municipal Employees Health Trust. The Health Trust is an agent multiple-employer association. The City is an individually rated member of the Association. The Health Trust contracted with an outside consultant, Cheiron, to assist in the valuation of the City's OPEB liability under GASB Statement No. 45. An OPEB liability actuarial valuation was completed by Cheiron in October 2013. The Trust issues a publicly available financial report which may be obtained by contacting the Maine Municipal Association at 60 Community Drive, Augusta, Maine 04332.

Description of the Plan. In addition to providing pension benefits, the City provides health insurance for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premium to receive health benefit coverage.

Description of Funding Policy. GASB Statement No. 45 does not mandate the prefunding of postemployment benefits liability. The City currently plans to utilize a pay-as-you-go program to fund these benefits. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. The unfunded actuarial liability is amortized as a level dollar open over an open period of 30 years, using a projected unit credit cost method.

The following table represents OPEB costs for the year and the annual required contribution:

Normal Cost	\$90,796
Amortization of Unfunded Liability	233,053
Interest	6,413
Annual Required Contribution (ARC)	\$330,262

Funding Status and Unfunded Actuarial Liability. The City of Lewiston's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012, 2011, 2010 and 2009, the only years available, are as follows:

	2013	2012	2011
Annual OPEB Cost	\$307,467	\$500,604	\$506,593
Actual Contribution	\$235,976	\$257,212	\$170,729
Percentage Contributed	76.7%	51.4%	33.7%
Net OPEB Obligation	\$1,349,925	\$1,278,434	\$1,035,041
Actuarial Accrued Liability			\$4,191,155
Plan Assets			0
Unfunded Actuarial Accrued Liability			\$4,191,155
Covered Payroll			\$16,462,427
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll			25.5%

Projections of benefits are based on the substantive plan as understood by the employer and plan members and include the benefits in force at the valuation date of January 1, 2013, and the cost sharing arrangement at that time. Actuarial calculations reflect a long-term perspective and utilize methods that reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. It should be noted, however, actuarial valuations for our OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These estimated amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial assumptions used in the plan evaluation include: projected unit credit actuarial cost method, a 4% return on investment, 4.25% healthcare cost trend rate, and a 3% future cost-of-living adjustment. The unfunded actuarial accrued liability is being recognized as a level dollar open amount over an open 30 year period.

J. Employee Retirement Systems

Consolidated Plan

Description of the Plan. The City contributes to Maine Public Employees Retirement System Consolidated Plan, a cost sharing, multiple-employer, public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System (MainePERS) provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Maine State Legislature. The MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to MainePERS, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Description of Funding Policy. Plan members are required to contribute 6.5% of their annual covered salary and the City of Lewiston is required to contribute an actuarially determined rate. The current rate is 5.3% for municipal employees under Plan A, 12.2% for certain police officers under Special Plan Option #1, and 7.5% for certain firefighters under Special Plan Option #2, of annual covered payroll. The contribution rates of plan members and the City of Lewiston are established and may be amended by the MainePERS Board of Trustees. The City's contributions to the MainePERS Consolidated Plan for the years ended June 30, 2013, 2012, and 2011, were \$1,139,041, \$919,437, and \$1,332,117, respectively, equal to the required contributions for each year.

Unfunded Actuarial Liability. Upon joining the consolidated plan on July 1, 1997, the City's initial unfunded unpooled actuarial liability (IUUAL) was calculated. The IUUAL represents the remaining amount of the City's pension liability upon transitioning to the consolidated plan from a participating local district (PLD). The outstanding IUUAL at that time was amortized over a 20 year period, with the annual payment increasing by 6%, until the IUUAL is paid in full. In December 2001, the City issued general obligation pension bonds, with a total par value of \$16,395,000, to pay off its outstanding IUUAL. As of June 30, 2013, the outstanding balance of the original general obligation pension bonds was \$9,000,000.

Effective July 1, 2006, the City amended its Special Plan Option #2C to include full retirement benefits for all firefighters serving 25 years of service with a no age provision. This modification resulted in an IUUAL of \$2,467,807 to be amortized over a 15 year period. As of June 30, 2013, the City remitted IUUAL

payments of \$266,616 as contractually agreed upon and the outstanding balance of the IUUAL was \$1,779,970 to be funded over the remaining 9 years.

Teachers Plan

Description of the Plan. All of the City's teachers, plus other qualified educators, participate in the MPERS teacher group. The teacher's group is a cost sharing plan with a special funding situation established by the Maine State legislature. MainePERS provides the retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the Maine State Legislature. MainePERS issues a publicly available financial report that includes financial statements and required supplementary information for the teacher's group. That report may be obtained by writing to MainePERS, 46 State House Station, Augusta, Maine 04333-0046.

Description of Funding Policy. Employees are required, by state statute, to contribute 7.65% of their compensation to the retirement system. For employees compensated through federal pass-through grants, the City contributes amounts determined by the State of Maine. The Maine State Department of Education is required, by the same statute, to contribute the employer contribution. This amount has been reported as an intergovernmental revenue and education expenditure on the GAAP basis financial statements (Statement 4). The City contributed \$462,832 (16.33%) for the federally funded teacher's employer contribution. In the year ended June 30, 2013, employees contributed \$2,119,998, while the State of Maine Department of Education contributed \$3,883,002, on behalf of the City's educators.

City Pension Plan

Description of the Plan. The City Pension Plan is non-contributory, single-employer, defined benefit pension plan administered by the City and covers certain police, fire and public works employees who joined prior to the City's participation in the Maine Public Employees Retirement System. Once the City elected to participate in the MainePERS, employees were no longer eligible to join this plan. Retirement benefits of 1/2 of the average, final compensation, are paid upon an employee attaining the age of 65, or having served not less than 25 years. Beneficiaries of fire and police retirees are also entitled to survivor benefits. Cost-of-living adjustments provided to the members and beneficiaries, and plan benefit revisions are made through City Council's authorization. At June 30, 2013, the plan consisted of 6 retirees and beneficiaries. There are no active employees in the plan.

Funding Policy and Status. The City funds the plan on a pay-as-you-go basis and budgets sufficient funds, each year, to meet the annual pension cost. As a result, no funds have been accumulated, nor are any funds expected to be accumulated for the payment of these benefits. All benefits are paid directly by the City when they become due. The actual contributions by the City in fiscal year 2013 were \$200,010. A Schedule of Funding Progress is located as part of the Required Supplementary Information immediately following the notes to the financial statements. The schedule presents ten year trend information reflecting zero plan assets due to the pay-as-you-go nature of this plan. The actuarial accrued liability has steadily decreased the last 10 years due to the closed membership of the plan and the reduction of participants over the same period of time. As of June 30, 2013, there are no plan assets and the actuarial accrued liability decreased by \$176,521 to \$1,222,852.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation as of June 30, 2013 were as follows:

Annual Required Contribution (ARC)	\$ 127,886
Interest on Net Pension Obligation	80,615
Adjustments to Annual Required Contribution	(185,012)
Annual Pension Cost	23,489
Contributions Made	(200,010)
Increase (Decrease) in Net Pension Obligation	(176,521)
Net Pension Obligation at June 30, 2012	1,791,440
Net Pension Obligation at June 30, 2013	\$ 1,614,919

Since the City's pension plan is a pay-as-you-go plan with no active employees, there are no accumulated assets which results in a zero funded ratio. Likewise, the ratio of liabilities to covered payroll is also zero. The actuarial assumptions used in the plan evaluation include: using a projected unit credit actuarial cost method, a 5% return on investment, 3% rate of inflation, and a 2% future cost-of-living adjustment. The unfunded actuarial accrued liability is being recognized as a projected unit credit actuarial cost method. The remaining amortization period for this liability is closed, over 12 years as of June 30, 2013. Other than the approved City Council cost-of-living adjustment, which for the year ending June 30, 2013 was 1.54%, postretirement benefits are not expected to change.

Three Year Trend Information for the City of Lewiston's City Pension Plan

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2011	\$57,718	441%	\$1,953,104
June 30, 2012	\$57,612	381%	\$1,791,440
June 30, 2013	\$23,489	852%	\$1,614,919

Schedule of Employer Contributions

Fiscal Year End	Actuarial Required Contributions (ARC)	Percent of ARC Contributed
2004	\$287,604	143%
2005	\$216,581	159%
2006	\$210,643	158%
2007	\$198,739	165%
2008	\$199,411	167%
2009	\$203,007	154%
2010	\$194,897	141%
2011	\$150,088	170%
2012	\$150,551	146%
2013	\$127,886	156%

CITY OF LEWISTON, MAINE
Required Supplementary Information
June 30, 2013

I. RETIREE HEALTHCARE PLAN.

A. Schedule of Funding Progress.

The City provides healthcare benefits for certain retired employees. The eligible retirees pay 100% of the health insurance premiums to receive benefit coverage. The City of Lewiston plans to fund these benefits on a pay-as-you-go basis. The following table represents information for only the years available

Fiscal Year	Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2009	1/1/2009	0	\$8,495,534	\$8,495,534	0.00%	\$16,675,435	50.9%
2010	1/1/2009	0	\$8,495,534	\$8,495,534	0.00%	\$16,697,557	50.9%
2011	1/1/2011	0	\$6,984,012	\$6,984,012	0.00%	\$16,086,265	43.4%
2012	1/1/2011	0	\$6,984,012	\$6,984,012	0.00%	\$14,079,819	49.6%
2013	1/1/2013	0	\$4,191,155	\$4,191,155	0.00%	\$16,462,427	25.5%

II. CITY PENSION PLAN.

A. Schedule of Funding Progress.

The City Pension Plan is a pay-as-you-go, defined benefit plan. This plan is provided for and administered by the City of Lewiston, therefore separate financial statements are not available for this plan.

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability	Employer Contributions
2004	0	\$2,933,774	\$412,177
2005	0	\$2,169,445	\$344,085
2006	0	\$2,068,128	\$332,849
2007	0	\$1,908,612	\$328,694
2008	0	\$1,868,857	\$332,073
2009	0	\$1,851,755	\$311,943
2010	0	\$1,725,103	\$274,649
2011	0	\$1,457,692	\$254,602
2012	0	\$1,399,373	\$219,276
2013	0	\$1,222,852	\$200,010

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grants

To record federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

Urban Development Action Grant

To account for federal awards obtained and expended under the Housing and Community Development Act of 1974, for the redevelopment of the downtown commercial core of the city.

Rehabilitation Loan Program

To account for the residential rehabilitation loans received from the Housing Opportunity Zone Program. Funds are targeted to the development of a low/mod residential section of the City.

Lewiston Mill Redevelopment Corporation

A blended component unit that reports the operating activity of a 360,000 square foot, multi-use complex acquired by the City through matured tax liens.

Urban Development Fund

A fund used to record restricted federal and state grant awards received by the City to fund targeted rehabilitation projects, tax increment financing districts, environmental remediation, and infrastructure improvements in our core urban area.

Recreational Activity Programs

Funds generated by offering various recreational activities in which the City provides facilities.

Public Safety, Culture and Other Grants

To account for grants received from various sources, primarily from drug enforcement, but also from other state grants and their related programs.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

GAR Cemetery Care Fund

The cemetery care fund was established by various donors for the perpetual care of several old cemeteries, maintenance is provided from the investment income received.

Library Endowment Fund

The Library Endowment Fund is used to purchase library books, videos and periodicals, as well as fund approved capital expenditures.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(With Comparative Totals for June 30, 2012)

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2013	2012
ASSETS						
Cash & Cash Equivalents	\$ 809,678				\$ 809,678	\$ 1,497,960
Investments	2,980,510	\$ 23,501	\$ 1,489,523	\$ 1,513,024	4,493,534	3,021,062
Interfund Receivables						43,855
Receivables:						
Accounts	19,758				19,758	137,128
Rehabilitation Loans (Net of Allowance for Uncollectibles)	2,257,085				2,257,085	2,627,986
Intergovernmental	127,067				127,067	741,117
Total Assets	<u>6,194,098</u>	<u>23,501</u>	<u>1,489,523</u>	<u>1,513,024</u>	<u>7,707,123</u>	<u>8,069,109</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	319,360		23	23	319,383	316,582
Interfund Payables	53,086		20,042	20,042	73,128	397,223
Accrued Payroll	11,724				11,724	15,859
Notes Payable	11,796				11,796	23,587
Total Liabilities	395,967		20,065	20,065	416,032	753,251
Fund Balances:						
Nonspendable:						
Permanent Fund Principal		12,043	1,194,307	1,206,350	1,206,350	1,204,450
Long-Term Notes Receivable	1,892,840				1,892,840	2,167,789
Restricted for:						
Community Development Block Grant	678,576				678,576	297,593
Urban Development Action Grant	162,682				162,682	184,529
Rehabilitation Loan Programs	131,718				131,718	120,344
Urban Development	1,915,018				1,915,018	1,977,213
Permanent Fund Unexpended Income		11,458	275,151	286,609	286,609	167,036
Public Safety & Culture Grants	215,862				215,862	299,807
Assigned to:						
Lewiston Mill Redevelopment Corp.	610,691				610,691	673,518
Recreation Activity Programs	190,745				190,745	223,579
Total Fund Balance	5,798,131	23,501	1,469,458	1,492,957	7,291,087	7,315,856
Total Liabilities & Fund Balance	<u>\$ 6,194,098</u>	<u>\$ 23,501</u>	<u>\$ 1,489,523</u>	<u>\$ 1,513,024</u>	<u>\$ 7,707,123</u>	<u>\$ 8,069,109</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(With Comparative Totals for Year Ended June 30, 2012)

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2013	2012
REVENUES						
Taxes	\$ 1,724,194				\$ 1,724,194	\$ 1,893,136
Intergovernmental	1,795,255				1,795,255	3,973,784
Charges For Services	110,543				110,543	114,066
Interest, Rents & Gain on Investments	433,402	\$ 29	\$ 169,174	\$ 169,203	602,605	670,546
Miscellaneous	415,067				415,067	239,178
Donations	8,965		1,900	1,900	10,865	58,958
Total Revenues	<u>4,487,426</u>	<u>29</u>	<u>171,074</u>	<u>171,103</u>	<u>4,658,529</u>	<u>6,949,668</u>
EXPENDITURES						
Current:						
General Government	3,025,252				3,025,252	4,657,456
Human Services	187,574				187,574	276,649
Culture & Recreation	74,594		44,061	44,061	118,655	144,064
Capital Outlay	838,618		5,568	5,568	844,186	1,111,366
Total Expenditures	<u>4,126,038</u>		<u>49,629</u>	<u>49,629</u>	<u>4,175,667</u>	<u>6,189,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	361,388	29	121,445	121,474	482,861	760,133
OTHER FINANCING SOURCES (USES)						
Transfers In	93,358				93,358	
Transfers Out	<u>(600,988)</u>				<u>(600,988)</u>	<u>(607,877)</u>
Total Other Financing Sources (Uses)	<u>(507,630)</u>				<u>(507,630)</u>	<u>(607,877)</u>
Net Change in Fund Balance	(146,242)	29	121,445	121,474	(24,768)	152,256
Fund Balance, July 1	<u>5,944,373</u>	<u>23,473</u>	<u>1,348,013</u>	<u>1,371,483</u>	<u>7,315,856</u>	<u>7,163,599</u>
Fund Balance, June 30	\$ 5,798,131	\$ 23,501	\$ 1,469,458	\$ 1,492,957	\$ 7,291,087	\$ 7,315,856

Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2013
(With Comparative Totals for June 30, 2012)

	Community Development Block Grant	Urban Development Action Grant	Rehab Loan Programs	Lewiston Mill Redevelopment Corporation	Urban Development	Recreation Activity Fund	Public Safety, Culture & Other Grants	Total All Funds	
								2013	2012
ASSETS									
Cash & Cash Equivalents	\$ 127,390	\$ 27,823	\$ 25,173	\$ 131,774	\$ 413,862	\$ 41,583	\$ 42,073	\$ 809,678	\$ 1,497,960
Investments	469,285	102,497	92,734	485,433	1,524,592	153,187	152,781	2,980,510	1,637,234
Interfund Receivables									43,855
Receivables:									
Accounts				19,398		360		19,758	137,128
Rehabilitation Loans (Net of Allowance for Uncollectibles)	1,390,950	291,978	79,750		494,407			2,257,085	2,627,986
Intergovernmental	93,513				6,917		26,637	127,067	741,117
Total Assets	<u>2,081,139</u>	<u>422,297</u>	<u>197,657</u>	<u>636,605</u>	<u>2,439,779</u>	<u>195,130</u>	<u>221,492</u>	<u>6,194,098</u>	<u>6,685,281</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	95,309			14,117	203,978	4,385	1,571	319,360	313,125
Interfund Payables	42,726	1,075			9,125		160	53,086	388,338
Accrued Payroll	3,844				3,981		3,899	11,724	15,859
Notes Payable				11,796				11,796	23,587
Total Liabilities	<u>141,879</u>	<u>1,075</u>		<u>25,914</u>	<u>217,084</u>	<u>4,385</u>	<u>5,630</u>	<u>395,967</u>	<u>740,909</u>
Fund Balances:									
Nonspendable:									
Long-Term Notes Receivable	1,260,684	258,540	65,939		307,677			1,892,840	2,167,789
Restricted for:									
Community Development Block Grant	678,576							678,576	297,593
Urban Development Action Grant		162,682						162,682	184,529
Rehabilitation Loan Programs			131,718					131,718	120,344
Urban Development					1,915,018			1,915,018	1,977,213
Public Safety & Culture Grants							215,862	215,862	299,807
Assigned to:									
Lewiston Mill Redevelopment Corp.				610,691				610,691	673,518
Recreation Activity Programs						190,745		190,745	223,579
Total Fund Balance	<u>1,939,260</u>	<u>421,222</u>	<u>197,657</u>	<u>610,691</u>	<u>2,222,685</u>	<u>190,745</u>	<u>215,862</u>	<u>5,798,131</u>	<u>5,944,373</u>
Total Liabilities & Fund Balance	<u>\$ 2,081,139</u>	<u>\$ 422,297</u>	<u>\$ 197,657</u>	<u>\$ 636,605</u>	<u>\$ 2,439,779</u>	<u>\$ 195,130</u>	<u>\$ 221,492</u>	<u>\$ 6,194,098</u>	<u>\$ 6,685,281</u>

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
For the Fiscal Year Ended June 30, 2013
(With Comparative Totals for June 30, 2012)

	Community Development Block Grant	Urban Development Action Grant	Rehab Loan Programs	Lewiston Mill Redevelopment Corporation	Urban Development	Recreation Activity Fund	Public Safety, Culture & Other Grants	Total All Funds	
								2013	2012
REVENUES									
Taxes					\$ 1,724,194		\$	1,724,194	\$ 1,893,136
Intergovernmental	\$ 922,642		\$ 69,834		110,683	\$ 150	\$ 691,945	1,795,255	3,973,784
Charges For Services						110,543		110,543	114,066
Interest and Rents	40,811	\$ 8,652	2,046	\$ 356,414	25,398	(26)	107	433,402	635,230
Donations						6,225	2,740	8,965	2,716
Miscellaneous	396,453	304	154	(51)	18,206			415,067	239,178
Total Revenues	1,359,906	8,956	72,034	356,363	1,878,481	116,893	694,793	4,487,426	6,858,109
EXPENDITURES									
Current:									
General Government	459,691	49,266	846	417,605	1,716,890		380,955	3,025,252	4,657,456
Human Services	187,574							187,574	276,649
Culture & Recreation						63,727	10,867	74,594	103,405
Capital Outlay	378,067		77,174	1,585			381,792	838,618	1,108,217
Total Expenditures	1,025,332	49,266	78,020	419,190	1,716,890	63,727	773,614	4,126,038	6,145,728
Excess (Deficiency) of Revenues Over (Under) Expenditures	334,574	(40,310)	(5,986)	(62,827)	161,591	53,166	(78,821)	361,388	712,382
OTHER FINANCING SOURCE (USES)									
Transfers In						93,358		93,358	
Transfers Out	(2,731)		(5)		(413,770)	(179,358)	(5,124)	(600,988)	(607,877)
Total Other Financing Sources (Uses)	(2,731)		(5)		(413,770)	(86,000)	(5,124)	(507,630)	(607,877)
Net Change in Fund Balance	331,843	(40,310)	(5,991)	(62,827)	(252,178)	(32,834)	(83,945)	(146,242)	104,505
Fund Balance, July 1	1,607,417	461,532	203,648	673,518	2,474,873	223,579	299,807	5,944,373	5,839,866
Fund Balance, June 30	\$ 1,939,260	\$ 421,222	\$ 197,657	\$ 610,691	2,222,695	\$ 190,745	\$ 215,862	\$ 5,798,131	\$ 5,944,373

Community Development Block Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual & Year End Encumbrances	Variance Positive (Negative)
	Original & 2012 Encumbrances	Final & 2012 Encumbrances		
REVENUES				
Intergovernmental	\$ 1,373,623	\$ 1,373,623	\$ 922,642	\$ (450,981)
Interest & Misc. Revenue			437,264	437,264
Total Revenues	<u>1,373,623</u>	<u>1,373,623</u>	<u>1,359,906</u>	<u>(13,717)</u>
EXPENDITURES				
Public Service Activities	164,157	164,157	162,548	1,609
Administration & Planning	230,204	230,204	160,225	69,979
Economic Development	214,628	214,628	187,923	26,705
Housing Rehabilitation	170,995	170,995	141,569	29,426
Neighborhood Improvements	525,446	470,549	427,355	43,194
Parks & Recreation	191,738	246,634	104,011	142,623
Total Expenditures	<u>1,497,167</u>	<u>1,497,167</u>	<u>1,183,631</u>	<u>313,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,544)	(123,544)	176,275	299,819
OTHER FINANCING (USES)				
Transfers Out	(2,731)	(2,731)	(2,731)	
Total Other Financing (Uses)	<u>(2,731)</u>	<u>(2,731)</u>	<u>(2,731)</u>	
Net Change in Fund Balance - Budgetary Basis	(126,275)	(126,275)	173,544	299,819
Add Back Encumbrances	126,275	126,275	158,299	32,024
Net Change in Fund Balance - GAAP Basis			331,843	331,843
Fund Balance, July 1	<u>1,607,417</u>	<u>1,607,417</u>	<u>1,607,417</u>	
Fund Balance, June 30	<u>\$ 1,607,417</u>	<u>\$ 1,607,417</u>	<u>\$ 1,939,260</u>	<u>\$ 331,843</u>

Schedule of Revenues, Expenses and Changes in Net Assets
Proprietary Funds - Budget and Actual
For the Fiscal Year Ended June 30, 2013
Business-Type Activities - Enterprise Funds

	Water Enterprise Fund			Sewer Enterprise Fund			Storm Water Enterprise Fund		
	Original & Final Budget	Actual	Variance Positive (Negative)	Original & Final Budget	Actual	Variance Positive (Negative)	Original & Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES									
Charges for Services	\$ 4,527,585	\$ 4,547,881	\$ 20,296	\$ 5,042,615	\$ 5,194,399	\$ 151,784	\$ 2,441,600	\$ 2,544,732	\$ 103,132
Total Operating Revenue	4,527,585	4,547,881	20,296	5,042,615	5,194,399	151,784	2,441,600	2,544,732	103,132
OPERATING EXPENSES									
Cost of Sales and Services	1,735,501	1,776,297	(40,796)	3,315,652	3,166,394	149,258	922,910	749,803	173,107
Administration	758,241	788,691	(30,450)	567,665	565,397	2,268	328,747	297,660	31,087
Depreciation	260,000	1,071,300	(811,300)	103,750	588,839	(485,089)	33,750	131,847	(98,097)
Total Operating Expenses	2,753,742	3,636,288	(882,546)	3,987,067	4,320,630	(333,563)	1,285,407	1,179,310	106,097
Operating Income	1,773,843	911,593	(862,250)	1,055,548	873,769	(181,779)	1,156,193	1,365,422	209,229
NONOPERATING REVENUES (EXPENSES)									
Increase in Fund Equity of Joint Ventures		83,938	83,938		594,877	594,877			
Interest Expense	(557,338)	(493,041)	64,297	(341,986)	(343,471)	(1,485)	(216,647)	(238,264)	(21,617)
Gain/(Loss) on Sale of Capital Assets		(2,410)	(2,410)		1,000				
Amortization of Deferred Charges		(57,958)	(57,958)		(61,249)	(61,249)		(105,650)	(105,650)
Total Nonoperating Revenue (Expenses)	(557,338)	(469,471)	87,867	(341,986)	191,157	532,143	(216,647)	(343,914)	(127,267)
Income Before Contributions & Transfers	1,216,505	442,122	(774,383)	713,562	1,064,926	351,364	939,546	1,021,508	81,962
Transfers Out	(21,982)	(21,982)		(69,295)	(69,295)		(457,472)	(457,471)	
Capital Contributions		29,504	29,504						
Change in Net Assets	1,194,523	449,644	(744,879)	644,267	995,631	351,364	482,074	564,037	81,963
Total Net Assets, July 1	24,931,281	24,931,281		23,013,499	23,013,499		2,260,238	2,260,238	
Total Net Assets, June 30	\$ 26,125,804	\$ 25,380,925	\$ (744,879)	\$ 23,657,766	\$ 24,009,130	\$ 351,364	\$ 2,742,312	\$ 2,824,275	\$ 81,963

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2013

	Private Purpose Trust Funds		
	Farrar Fund	Scholarship Fund	Total
ASSETS			
Investments	\$ 41,814	\$ 110,761	\$ 152,575
Total Assets	<u>41,814</u>	<u>110,761</u>	<u>152,575</u>
LIABILITIES			
Due to General Fund	16		16
Total Liabilities	<u>16</u>		<u>16</u>
NET POSITION			
Held in trust for scholarships and other purposes	\$ <u>41,799</u>	\$ <u>110,761</u>	\$ <u>152,559</u>

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Fiscal year Ended June 30, 2013

	Private Purpose Trust Funds		
	Farrar Fund	Scholarship Fund	Total
ADDITIONS			
Investment Earnings	\$ 53	\$ 64	\$ 117
Total Additions	<u>53</u>	<u>64</u>	<u>117</u>
DEDUCTIONS			
Medical Costs	2,500		2,500
Scholarship Awards		3,000	3,000
Total Deductions	<u>2,500</u>	<u>3,000</u>	<u>5,500</u>
Change in Net Position	(2,446)	(2,936)	(5,383)
Net Position - Beginning	<u>44,245</u>	<u>113,697</u>	<u>157,942</u>
Net Position - Ending	\$ <u>41,799</u>	\$ <u>110,761</u>	\$ <u>152,559</u>

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Agency Funds
June 30, 2013

	Agency Funds					Total
	School Activities	Franklin Pasture	Lewiston Senior Citizens	Downtown Advisory Board	Social Security Client Program	
ASSETS						
Cash	\$ 461,590	\$ 91,257	\$ 19,797	\$ 3,689	\$ 13,037	\$ 589,370
Accounts Receivable		1,195				1,195
Total Assets	<u>461,590</u>	<u>92,452</u>	<u>19,797</u>	<u>3,689</u>	<u>13,037</u>	<u>590,565</u>
LIABILITIES						
Accounts Payable		470	128			598
School Activities Payable	461,590					461,590
Franklin Pasture Payable		91,982				91,982
Lewiston Senior Citizens Payable			19,669			19,669
Downtown Advisory Board Payable				3,689		3,689
SSI Client Payable					13,037	13,037
Total Liabilities	<u>461,590</u>	<u>92,452</u>	<u>19,797</u>	<u>3,689</u>	<u>13,037</u>	<u>590,565</u>
NET POSITION						
Held in trust for scholarships and other purposes	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal year Ended June 30, 2013

	Balance 07/01/2012	Additions	Deletions	Balance 06/30/2013
School Activities				
Assets				
Cash	\$ 424,753	\$ 583,088	\$ 546,251	\$ 461,590
Liabilities				
Payable to Student Groups	\$ 424,753	\$ 583,088	\$ 546,251	\$ 461,590
Franklin Pasture Trustees				
Assets				
Cash	\$ 113,343	\$ 86,716	\$ 108,802	\$ 91,257
Accounts Receivable		1,195		1,195
Total Assets	113,343	87,911	108,802	92,452
Liabilities				
Accounts Payable		470		470
Payable to Franklin Pasture Trust	113,343	87,911	109,272	91,982
Total Liabilities	\$ 113,343	\$ 88,381	\$ 109,272	\$ 92,452
Lewiston Senior Citizens				
Assets				
Cash	\$ 0	\$ 53,667	\$ 33,870	\$ 19,797
Liabilities				
Accounts Payable		128		128
Payable to Lewiston Senior Citizens		53,667	33,997	19,669
Total Liabilities	\$ 0	\$ 53,794	\$ 33,997	\$ 19,797
Downtown Advisory Board				
Assets				
Cash	\$ 3,676	\$ 13		\$ 3,689
Liabilities				
Payable to Downtown Advisory BD	\$ 3,676	\$ 13		\$ 3,689
Social Security Client Program				
Assets				
Cash	\$ 7,789	\$ 116,096	\$ 110,848	\$ 13,037
Liabilities				
Client Disbursements Payable	\$ 7,789	\$ 116,096	\$ 110,848	\$ 13,037
Total - Agency Funds				
Assets				
Cash	\$ 549,561	\$ 839,580	\$ 799,771	\$ 589,370
Accounts Receivable		1,195		1,195
Total Assets	549,561	840,775	799,771	590,565
Liabilities				
Accounts Payable		598		598
Payable to Student Groups	424,753	583,088	546,251	461,590
Payable to Franklin Pasture	113,343	87,911	109,272	91,982
Payable to Lewiston Senior Citizens		53,667	33,997	19,669
Payable to Downtown Adv. Board	3,676	13		3,689
Client Disbursements Payable	7,789	116,096	110,848	13,037
Total Liabilities	\$ 549,561	\$ 841,372	\$ 800,368	\$ 590,565

STATISTICAL SECTION

The City of Lewiston's statistical section presents detail trend information that supplements the users' understanding of the financial data in the financial statements, footnotes, and required supplementary information as it relates to the overall financial strength of the City.

Financial Trends

Tables 1-4, found on pages 93-99, contain trend information to help the user gain an understanding of how the City's financial performance and strength have changed over time.

Revenue Capacity

Information about the City's most significant revenue source, property taxes, and other sources can be located on Tables 5 and 6, or pages 100 and 101.

Debt Capacity

These tables provide information that allows the user to assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future. Debt capacity tables are located on pages 102-104 or Tables 7-9.

Demographic and Economic Information

Local demographic and economic statistics are presented on Table 10, or page 105. Information noted on this table helps facilitate the understanding of our local environment as it pertains to our financial activities.

Operating Information

Tables 11-13, located on pages 106-108, disclose service and infrastructure information to assist in the comparison of how the City of Lewiston's financial reports correlate with the services the City provides and activities performed.

NET POSITION BY CATEGORY
Last Ten Fiscal Years

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Net Investment in Capital Assets	\$ 100,553,266	\$ 98,090,353	\$ 91,955,091	\$ 94,261,940	\$ 93,135,485	\$ 88,644,179	\$ 86,416,881	\$ 77,005,933	\$ 77,560,125	\$ 110,548,794
Restricted for:										
Recreation and Human Services	5,798,132	5,944,371	5,839,864	7,542,483	8,405,427	7,636,032	6,780,548	6,273,828	6,495,992	5,407,873
Debt Service			11,003,120					5,885,000	6,080,000	
Capital Projects	11,822,217	2,996,325	4,726,269	2,492,689	4,117,195	6,543,754	8,397,281	3,530,869	5,017,710	11,107,271
Perpetual Care	23,501	23,473	23,383	23,308	23,228	22,760	21,785	20,601	19,679	19,292
Endowment Fund	1,469,458	1,348,013	1,300,352	1,099,174	1,005,629	1,233,000	1,296,504	1,159,946	1,084,909	1,078,544
Education	2,348,228	3,823,905	2,084,777							
Unrestricted Net Position	(22,622,233)	(11,165,253)	(25,516,226)	(17,031,840)	(25,363,260)	(27,135,948)	(30,019,193)	(16,287,812)	(18,885,935)	(49,010,995)
Total Governmental Activities Net Position	99,392,569	101,061,188	91,416,631	88,387,754	81,323,704	76,943,777	78,603,807	77,588,366	77,372,479	79,150,779
Business-Type Activities										
Net Invested in Capital Assets	33,821,418	31,998,340	25,157,754	27,837,898	24,177,613	27,491,394	19,403,282	21,624,968	19,080,069	18,819,271
Unrestricted Net Position	18,392,912	18,206,678	21,963,882	15,862,109	16,163,513	11,228,032	16,722,639	13,102,872	14,587,084	13,669,946
Total Business-Type Activities Net Position	52,214,330	50,205,018	47,121,636	43,700,007	40,341,126	38,719,427	36,125,921	34,727,840	33,667,153	32,489,217
Primary Government										
Net Investment in Capital Assets	134,374,684	130,088,693	117,112,845	122,099,838	117,313,099	116,135,573	105,820,163	98,630,901	96,640,194	129,368,065
Restricted for:										
Recreation and Human Services	5,798,132	5,944,371	5,839,864	7,542,483	8,405,427	7,636,032	6,780,548	6,273,828	6,495,992	5,407,873
Debt Service			11,003,120					5,885,000	6,080,000	
Capital Projects	11,822,217	2,996,325	4,726,269	2,492,689	4,117,195	6,543,754	8,397,281	3,530,869	5,017,710	11,107,271
Perpetual Care	23,501	23,473	23,383	23,308	23,228	22,760	21,785	20,601	19,679	19,292
Endowment Fund	1,469,458	1,348,013	1,300,352	1,099,174	1,005,629	1,233,000	1,296,504	1,159,946	1,084,909	1,078,544
Education	2,348,228	1,478,557	2,084,777							
Unrestricted Net Position	(4,229,321)	5,562,868	(3,552,344)	(1,169,731)	(9,199,747)	(15,907,916)	(13,296,554)	(3,184,940)	(4,298,851)	(35,341,049)
Total Primary Government Net Position	\$ 151,606,895	\$ 147,442,299	\$ 138,538,266	\$ 132,087,759	\$ 121,664,825	\$ 115,663,203	\$ 114,729,725	\$ 112,316,204	\$ 111,039,630	\$ 111,639,992

CHANGES IN NET POSITION
Last Ten Fiscal Years

	2013	2012	2011	2010
Expenses - Governmental Activities				
General Government	\$ 12,129,951	\$ 10,058,128	\$ 9,622,871	\$ 7,601,484
Public Safety	16,096,995	14,003,128	13,006,369	13,193,880
Public Works	17,408,677	16,363,859	20,807,401	13,220,749
Human Services	1,271,915	1,509,724	1,428,094	1,703,001
Culture and Recreation	2,318,516	2,264,596	1,856,395	2,040,508
Joint Ventures and Subsidies*		3,631,678	3,491,952	3,461,371
Education and Nutrition	67,767,929	58,015,493	60,569,773	61,123,379
Other Unallocated Costs				
Interest on Long-Term Debt	4,681,379	5,196,488	5,608,076	5,429,024
Total Governmental Activities Expenses	121,675,362	111,043,094	116,390,931	107,773,396
Expenses - Business-Type Activities				
Water	4,189,697	3,754,861	3,757,388	3,493,405
Sewer	4,724,350	4,624,232	4,546,256	4,600,726
Storm Water	1,523,224	1,382,441	1,424,138	1,381,598
Total Business-Type Activities Expenses	10,437,271	9,761,534	9,727,782	9,475,729
Total Primary Government Expenses	132,112,633	120,804,628	126,118,713	117,249,125
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	1,878,721	1,914,534	1,448,471	1,408,160
Public Works	947,158	1,162,560	498,377	1,256,058
Education & Nutrition	928,760	1,628,968	1,343,402	1,092,530
Other	455,014	657,679	869,450	699,607
Operating Grants and Contributions	51,694,985	52,180,117	53,353,911	50,407,165
Capital Grants and Contributions	4,452,701	4,423,315	3,545,323	2,622,108
Total Governmental Activities Revenues	60,357,339	61,967,173	61,058,934	57,485,628
Business-Type Activities:				
Charges for Services	12,287,012	12,043,174	12,223,704	11,293,661
Grants and Contributions	708,319	1,388,172	1,544,902	2,232,278
Total Business-Type Activities Revenues	12,995,331	13,431,346	13,768,606	13,525,939
Total Primary Government Program Revenues	73,352,670	75,398,519	74,827,540	71,011,567
Net (Expenses)/Revenue - Governmental Activities	(61,318,023)	(49,075,921)	(55,331,997)	(50,287,769)
Net (Expenses)/Revenue - Business-Type Activities	2,558,060	3,669,812	4,040,824	4,050,210
General Revenues				
Governmental Activities:				
Property Taxes	48,291,793	47,437,697	47,126,402	46,012,452
Payment in Lieu of Taxes	134,140	135,464	127,962	111,604
Motor Vehicle Excise Taxes	3,852,282	3,743,862	3,703,703	3,779,991
Franchise Taxes	139,060	140,931	219,207	114,030
Proceeds from Note				
Homestead Exemption & BETE Reimbursement	1,741,922	1,660,390	1,462,070	1,635,543
State Revenue Sharing	4,187,759	4,184,510	3,943,411	3,932,756
Unrestricted Investment Earnings	753,696	800,957	1,104,533	1,055,001
Transfers	548,748	616,663	673,575	710,441
Total Governmental Activities Revenues	59,649,400	58,720,474	58,360,863	57,351,818
Business-Type Activities				
Unrestricted Investment Earnings		30,233	54,380	19,112
Transfers	(548,748)	(616,663)	(673,575)	(710,441)
Total Business-Type Activities Revenues	(548,748)	(586,430)	(619,195)	(691,329)
Total Primary Government General Revenues	59,100,652	58,134,044	57,741,668	56,660,489
Change in Net Position				
Governmental Activities	(1,668,623)	9,644,553	3,028,866	7,064,048
Business-Type Activities	2,009,312	3,083,382	3,421,629	3,358,881
Total Primary Government Change in Net Position	\$ 340,689	\$ 12,727,935	\$ 6,450,495	\$ 10,422,934

* In 2013, the joint ventures and subsidies line was combined with the general government and public safety lines.

Table 2

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 7,929,648	\$ 7,460,064	\$ 6,892,345	\$ 4,270,789	\$ 6,335,690	\$ 15,035,307
12,647,584	13,257,287	10,799,866	9,965,122	9,790,631	9,346,830
26,240,483	23,081,077	13,143,865	20,210,525	17,633,091	9,956,954
1,289,516	760,370	687,907	693,885	635,771	702,671
2,390,527	1,920,219	2,732,444	1,929,781	2,233,771	2,334,334
3,608,601	840,196	4,323,641	3,059,161	2,606,124	3,019,453
49,131,700	44,763,336	53,707,928	47,202,130	47,315,387	46,654,075
	11,092,886	4,962,208	4,606,785	4,994,029	5,839,536
5,135,117	4,784,698	4,015,155	3,701,140	3,517,985	3,058,363
108,373,175	107,960,133	101,265,360	95,639,319	95,062,479	95,947,524
3,599,988	3,124,947	3,289,630	3,379,319	2,894,812	2,611,534
4,546,496	4,143,408	4,089,047	3,936,596	3,933,332	3,823,091
1,225,926	1,046,206	706,750			
9,372,410	8,314,561	8,085,427	7,315,915	6,828,144	6,434,624
117,745,585	116,274,694	109,350,787	102,955,234	101,890,623	102,382,148
1,370,012	988,755	1,487,280	1,745,675	1,219,124	2,551,494
1,402,349	1,354,874	1,234,428	1,353,179	1,088,461	836,914
1,271,983	1,156,303	1,223,183	1,186,405	1,206,383	1,160,356
615,623	649,967	613,417	530,951	547,129	595,693
46,180,177	43,168,754	40,581,711	37,086,977	34,005,822	32,695,782
2,927,290	842,045	1,953,408	2,830,831	3,556,303	1,841,372
53,767,434	48,160,698	47,093,427	44,734,018	41,623,222	39,681,611
10,794,444	10,652,565	9,483,535	7,496,441	7,223,053	7,195,308
904,430	896,825	858,955	856,698	763,517	748,115
11,698,874	11,549,390	10,342,490	8,353,139	7,986,570	7,943,423
65,466,308	59,710,088	57,435,917	53,087,157	49,609,792	47,625,034
(54,605,742)	(59,799,435)	(54,171,933)	(50,905,300)	(53,439,257)	(56,265,913)
2,326,464	3,234,829	2,257,063	1,037,224	1,158,426	1,508,798
46,428,088	44,878,859	41,151,357	39,434,602	39,879,952	39,075,018
104,331	385,228	554,107	403,417	556,490	344,568
3,860,605	4,056,671	4,121,536	4,076,360	4,024,831	3,902,739
117,247	104,218	95,763	97,481	97,692	94,634
1,000,000					
802,214	794,868	849,018	989,431	1,113,346	1,131,126
4,701,804	5,187,836	5,120,501	5,081,645	4,683,822	4,568,044
1,241,455	1,909,790	2,363,010	1,471,688	1,267,157	365,295
729,921	821,935	932,077	(433,440)	37,664	47,404
58,985,664	58,139,405	55,187,369	51,121,184	51,660,954	49,528,828
25,156	180,611	73,097	60,015	57,173	52,529
(729,921)	(821,935)	(932,077)	(36,553)	(37,664)	(47,404)
(704,765)	(641,324)	(858,980)	23,462	19,509	5,125
58,280,899	57,498,081	54,328,389	51,144,646	51,680,463	49,533,953
4,379,921	(1,660,031)	1,015,438	215,883	(1,778,304)	(6,737,084)
1,621,699	2,593,505	1,398,083	1,060,687	1,177,935	1,513,923
\$ 6,001,620	\$ 933,474	\$ 2,413,519	\$ 1,276,570	\$ (600,369)	\$ (5,223,161)

GOVERNMENTAL FUNDS FUND BALANCE
Last Ten Fiscal Years

	2013	2012	2011	2010
General Fund:				
Nonspendable:				
Inventory	\$324,371	\$478,557	\$580,511	\$526,107
Long-term Note Receivable	940,000	1,000,000	1,000,000	1,000,000
Prepaid Expenditures	79,507			
Long-term Advances				
Restricted for:				
School Education	1,715,737	2,678,516	1,211,843	
Assigned to:				
Asset Acquisition	13,764	8,963		55,000
Encumbrances	1,839,675	274,004	821,097	474,746
Component Unit				
Subsequent Year's Expenditures			704,050	972,135
Future Workers Comp. Expenditures	1,792,451	2,076,039	2,386,718	2,407,900
Future Unemployment Comp. Expenditures	56,154	61,350	63,290	11,546
Compensated Absences	1,432,184	1,365,622	1,328,618	1,346,716
Unassigned	12,937,935	11,595,987	9,207,486	8,031,352
Total Fund Balance - General Fund	21,131,778	19,539,038	17,303,613	14,825,502
All Other Governmental Funds:				
Nonspendable:				
Special Revenue Funds	1,965,431	2,336,554	2,712,993	2,707,357
Permanent Funds	1,206,350	1,148,208	1,148,208	1,111,217
Restricted for:				
Capital Projects	11,822,217	2,996,325	4,726,269	2,492,689
Special Revenue Funds	3,736,347	4,000,715	3,189,756	4,467,827
Permanent Funds	286,609	223,278	175,527	11,265
Debt Service Fund			11,003,120	
Assigned to:				
Special Revenue Funds	801,436	897,097	810,054	312,086
Unassigned	(68,318)	(144,605)		
Total All Other Governmental Funds	19,750,072	11,457,572	23,765,927	11,102,441
Total Governmental Funds	\$40,881,850	\$30,996,605	\$41,069,536	\$25,927,943

Beginning with the year ended June 30, 2011, the City reported governmental fund balances in accordance with categories defined in GASB No. 54. Prior years have been restated to reflect GASB 54 categories.

Table 3

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$419,446	\$406,849	\$478,396	\$452,012	\$399,978	\$235,094
1,000,000					
		1,950,000	929,632	729,635	2,035,000
55,000	55,000	156,000	225,000	206,730	241,599
603,939	1,067,521	1,041,868	1,346,010	1,139,167	623,029
	175,000				
1,898,091	1,165,000	753,000	1,166,008	1,943,508	2,430,090
2,421,818	2,396,303	2,192,837	2,327,300	2,615,434	506,790
285	286	13,370	19,503	18,738	-2,668
1,372,170	1,306,676	1,114,424	1,042,935	1,218,605	1,122,649
8,541,403	8,022,245	7,428,704	6,847,593	6,946,068	7,994,764
16,312,152	14,594,880	15,128,599	14,355,993	15,217,863	15,186,347
3,035,391	2,985,986	3,138,250	3,189,245	3,405,712	3,643,387
1,017,672	1,137,428	1,129,139	1,125,345	1,122,606	1,111,407
4,117,195	6,543,754	8,397,281	3,530,869	5,017,710	11,107,271
5,025,453	4,339,515	3,390,138	2,848,503	3,002,847	3,379,481
11,185	118,303	189,149	55,202		
		5,710,000	5,885,000	6,080,000	
344,579	310,556	252,160	236,080	193,738	139,310
				(18,018)	(1,767,873)
13,551,475	15,435,542	22,206,117	16,870,244	18,804,595	17,612,983
\$29,863,627	\$30,030,422	\$37,334,714	\$31,226,236	\$34,022,450	\$32,799,328

GOVERNMENTAL FUNDS
Last Ten Fiscal

	2013	2012	2011	2010	2009
Revenues					
Taxes	\$ 53,734,557	\$ 52,812,697	\$ 52,028,215	\$ 51,194,449	\$ 50,988,225
Licenses and Permits	359,835	338,645	388,153	480,254	339,859
Intergovernmental	60,751,975	60,928,936	60,196,459	57,246,889	53,746,030
Charges For Services	2,180,207	2,947,749	2,341,240	2,593,555	2,370,396
Fines	197,249	205,063	232,301	172,460	223,871
Interest, Rents and Gains	2,111,341	2,116,005	2,223,301	2,029,096	2,235,383
Donations	10,865	58,958	32,833	178,893	173,430
Miscellaneous	724,696	633,680	475,107	245,532	1,843,300
Total Revenues	120,070,724	120,041,734	117,917,609	114,141,128	111,920,492
Expenditures					
Current:					
General Government	5,855,344	7,498,833	7,604,022	6,471,320	6,170,962
Public Safety	12,370,953	11,823,001	11,658,967	11,666,010	11,262,646
Public Works	7,037,063	6,623,827	6,235,791	6,986,370	7,410,330
Human Services	1,098,251	1,292,533	1,262,706	1,500,318	1,149,439
Culture and Recreation	1,608,515	1,648,175	1,713,642	1,879,000	1,857,948
Intergovernmental	3,691,051	3,539,498	3,521,588	3,573,750	3,608,601
Education	61,541,053	58,039,922	58,170,565	58,745,376	54,301,915
Nutrition	2,511,394	2,570,702	2,270,777	2,294,884	2,060,035
Miscellaneous	6,829,419	6,217,582	5,491,947	5,459,117	5,694,280
Debt Service:					
Redemption of Serial Bonds	9,671,065	9,694,176	9,755,017	10,116,649	8,567,710
Interest on Bond Ant. Notes					176,231
Interest on Serial Bonds	3,770,473	4,421,727	5,185,659	5,260,880	4,889,391
Capital Lease Debt	205,644	207,525	319,903	319,903	245,086
Bond Issuance Costs					
Capital Outlay	12,332,307	8,375,578	14,094,459	15,958,177	23,452,855
Total Expenditures	128,522,531	121,953,080	127,285,043	130,231,755	130,847,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,451,807)	(1,911,346)	(9,367,434)	(16,090,627)	(18,926,938)
Other Financing Sources/(Uses)					
Transfers in	14,860,378	17,038,172	17,513,772	18,815,102	36,972,145
Transfers Out	(14,311,630)	(16,421,509)	(16,840,197)	(18,104,660)	(36,242,224)
Proceeds From Loan					
Proceeds From Capital Lease		108,856		800,000	668,142
Issuance of Bond Anticipation Notes					10,800,000
Redemption of Bond Ant. Notes					(20,225,000)
Premium from Bond Issuance	2,937,872				
Issuance of General Obligation Bonds	16,721,400	2,584,000	13,835,452	10,741,917	26,787,080
Redemption of Refunded Bond	(31,440,976)	(13,653,840)	(5,555,000)	(2,722,417)	(675,000)
Issuance of Refunded Bonds	29,570,000	2,182,738	15,555,000	2,625,000	675,000
Total Other Financing Source (Uses)	18,337,044	(8,161,583)	24,509,027	12,154,942	18,760,142
Net Change in Fund Balance	\$ 9,885,238	\$ (10,072,929)	\$ 15,141,593	\$ (3,935,685)	\$ (166,795)
Debt Services as a Percentage of Noncapital Expenditures					
	11.3%	12.7%	13.2%	13.4%	11.6%

Table 4

CHANGE IN FUND BALANCE

Years

Fiscal Year

2009	2008	2007	2006	2005	2004
\$ 50,988,225	\$ 49,359,103	\$ 45,980,978	\$ 44,421,960	\$ 45,036,326	\$ 44,601,175
339,859	389,997	410,631	474,501	430,714	351,680
53,746,030	49,080,684	48,405,489	45,650,788	41,050,515	39,456,667
2,370,396	2,387,869	2,348,448	2,448,634	2,233,055	1,967,785
223,871	199,128	184,388	175,983	223,439	170,370
2,235,383	2,829,328	3,323,076	2,477,974	2,114,834	2,073,715
173,430	534,585	211,634	(47,784)	1,219,544	564,739
1,843,300	474,655	343,142	823,661	690,092	625,354
111,920,492	105,255,350	101,207,786	96,425,715	92,998,520	89,811,487
6,170,962	8,677,380	6,040,612	5,464,821	5,659,501	6,782,409
11,262,646	10,638,498	10,279,738	10,045,790	9,599,005	9,328,518
7,410,330	8,195,303	6,587,772	7,255,844	6,794,981	6,765,039
1,149,439	770,619	686,664	688,012	636,858	702,671
1,857,948	1,865,611	2,290,066	2,601,278	2,050,309	2,114,215
3,608,601	3,408,974	3,119,615	3,059,161	3,045,464	3,019,453
54,301,915	51,782,514	50,710,337	47,322,095	44,447,097	44,739,770
2,060,035	1,970,307	2,070,276	1,863,646	1,897,929	1,599,173
5,694,280	11,179,149	5,803,315	5,857,590	4,672,231	6,066,147
8,567,710	7,439,287	6,935,431	6,276,021	5,901,937	5,395,702
176,231	675,143				
4,889,391	4,231,563	3,921,987	3,632,071	3,475,332	2,933,285
245,086	32,669	106,876	106,876	102,541	111,949
		48,870	54,678	39,144	211,890
23,452,855	14,896,397	16,629,106	14,835,605	17,140,731	15,639,850
130,847,430	125,763,415	115,230,664	109,063,489	105,463,062	105,410,072
(18,926,938)	(20,508,065)	(14,022,878)	(12,637,774)	(12,464,542)	(15,598,585)
36,972,145	44,374,985	13,045,913	11,665,150	12,412,109	9,778,376
(36,242,224)	(43,553,049)	(12,113,836)	(12,098,590)	(12,374,445)	(9,730,973)
668,142	402,841				
10,800,000	29,025,000	10,519,281			
(20,225,000)	(30,119,281)				
26,787,080	13,073,279	8,680,000	10,275,000	13,650,000	20,075,000
(675,000)				(2,365,000)	(1,861,500)
675,000				2,365,000	
18,760,142	13,203,774	20,131,358	9,841,560	13,687,664	18,260,903
\$ (166,795)	\$ (7,304,291)	\$ 6,108,481	\$ (2,796,214)	\$ 1,223,122	\$ 2,662,319
11.6%	10.3%	10.2%	10.1%	10.2%	8.8%

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Rate	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2004*	27.70	\$40,061,987	\$40,061,987	100.00%		0.00%
2005*	27.70	\$40,570,307	\$40,570,097	100.00%	\$210	0.00%
2006*	27.35	\$40,472,256	\$40,470,605	100.00%	\$1,652	0.00%
2007*	26.65	\$41,824,780	\$41,820,529	99.99%	\$4,251	0.01%
2008*	24.60	\$45,569,797	\$45,563,169	99.99%	\$6,628	0.01%
2009*	24.90	\$47,147,509	\$47,136,983	99.98%	\$10,526	0.02%
2010*	24.90	\$47,125,353	\$47,008,091	99.75%	\$117,262	0.25%
2011*	25.40	\$48,180,554	\$48,075,012	99.78%	\$105,542	0.22%
2012*	25.79	\$47,256,587	\$46,680,705	98.78%	\$575,882	1.22%
2013*	25.79	\$47,849,733	\$46,712,891	97.62%	\$1,136,842	2.38%

Note: Current taxes are due semiannually on September 15th and March 15th, with a 7% interest rate charged on taxes outstanding, after each respective due date. Outstanding, delinquent real estate taxes are subject to tax liens pursuant to State Statutes.

* Includes state homestead and business equipment tax exemptions.

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Assessed Value				Assessed Value	Total		Ratio of Assessed Value to Estimated Actual Value
	Residential	Commercial	Industrial	Utilities		Estimated Actual Value	Direct Tax Rate	
2004	\$814,639	\$386,613	\$148,715	\$96,269	\$1,446,236	\$1,589,800	\$26.32	90.97%
2005	\$822,915	\$386,749	\$151,603	\$98,782	\$1,460,049	\$1,712,400	\$26.34	85.26%
2006	\$772,415	\$423,749	\$148,525	\$98,846	\$1,443,535	\$1,948,850	\$25.99	74.07%
2007	\$795,580	\$481,493	\$160,299	\$100,243	\$1,537,615	\$2,266,700	\$25.31	67.83%
2008	\$984,852	\$523,270	\$208,138	\$103,859	\$1,820,119	\$2,499,200	\$23.33	72.83%
2009	\$1,027,474	\$533,030	\$182,091	\$108,050	\$1,850,645	\$2,581,550	\$23.63	71.69%
2010	\$1,029,500	\$507,042	\$182,434	\$107,924	\$1,826,900	\$2,473,650	\$23.60	73.85%
2011	\$995,772	\$551,824	\$184,302	\$107,413	\$1,839,310	\$2,334,250	\$24.14	78.80%
2012	\$1,032,963	\$483,464	\$195,358	\$120,575	\$1,832,361	\$2,285,400	\$24.53	80.18%
2013	\$1,028,415	\$492,757	\$192,486	\$141,702	\$1,855,360	\$2,196,750	\$24.53	84.46%

Note: Estimated actual valuation amounts are the state equalized values published by the Bureau of Property Taxation. Amounts expressed in thousands.

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	City Rate*	Education Rate*	Total Direct Rate*	Overlapping Rate* County Govt.	Total Tax Rate*	Water Rates Per Cubic Feet**	Sewer Rates Per Cubic Feet
2004	\$15.91	\$10.41	\$26.32	\$1.38	\$27.70	\$27.60	\$1.47-2.42
2005	\$16.19	\$10.15	\$26.34	\$1.36	\$27.70	\$27.60	\$1.54-2.54
2006	\$16.30	\$9.69	\$25.99	\$1.36	\$27.35	\$30.60	\$1.54-2.54
2007	\$16.25	\$9.06	\$25.31	\$1.34	\$26.65	\$30.60	\$1.54-2.54
2008	\$14.79	\$8.54	\$23.33	\$1.27	\$24.60	\$33.60	\$1.70-2.80
2009	\$14.62	\$9.01	\$23.63	\$1.27	\$24.90	\$33.60	\$1.00-2.97
2010	\$14.58	\$9.02	\$23.60	\$1.30	\$24.90	\$33.60	\$2.12-3.51
2011	\$15.17	\$8.97	\$24.14	\$1.26	\$25.40	\$38.40	\$2.12-3.51
2012	\$15.62	\$8.91	\$24.53	\$1.25	\$25.79	\$38.40	\$2.12-3.51
2013	\$15.62	\$8.91	\$24.53	\$1.25	\$25.79	\$38.40	\$2.12-3.51

* Tax rates are based upon \$1,000 of assessed Value

** Water rates are based upon the first rate tier of three rate tiers.

PRINCIPAL TAXPAYERS
As of June 30, 2013 and Nine Years Ago

Taxpayer	Type of Business	2013		2004	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Wal-Mart Stores East LP	Distribution Center	\$84,525,800	4.56%		
Florida Power & Light	Utility	\$65,577,530	3.53%	\$57,585,250	3.98%
Central Maine Power	Utility	\$53,169,910	2.87%	\$26,373,900	1.82%
Northern Utilities	Utility	\$20,682,270	1.11%	\$10,420,350	0.72%
Elmet Technology	Metal/Wire Mfg.	\$19,125,250	1.03%	\$23,926,200	1.65%
T D Bank	Banking	\$18,176,140	0.98%	\$26,175,200	1.81%
Lepage Bakeries	Bakery	\$17,840,920	0.96%	\$13,341,450	0.92%
L.L. Bean	Call Center	\$12,785,060	0.69%	\$11,064,950	0.77%
Gendron & Gendron	Construction	\$10,108,480	0.54%		
Lewiston Prop. LLC	Real Estate	\$9,755,160	0.53%		
Geiger	Specialty Item Mfg.			\$11,866,250	0.82%
Donald Toussaint	Real Estate			\$14,477,750	1.00%
Twelve High Street	Real Estate			\$10,019,450	0.69%
	Total	\$311,746,520	16.80%	\$205,250,750	14.19%

Source: City of Lewiston Assessment Records

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Total Governmental Activities	Water Revenue Bonds	Sewer Revenue Bonds	Storm Water Bonds**	Total Business-Type Activities	Total Primary Government	Ratio of Bonded Debt to Estimated Actual Prop. Value***	Percentage of Personal Income	Per Capita*
2004	\$77,937,657	\$331,880	\$78,269,537	\$9,854,230	\$4,714,486		\$14,568,716	\$92,838,253	5.84%	15.27%	\$2,601
2005	\$85,800,150	\$238,331	\$86,038,481	\$14,361,009	\$4,727,659		\$19,088,668	\$105,127,149	6.14%	17.29%	\$2,946
2006	\$89,603,156	\$153,913	\$89,757,069	\$13,721,794	\$5,129,016		\$18,850,810	\$108,607,879	5.57%	17.87%	\$3,043
2007	\$91,347,725	\$50,500	\$91,398,225	\$14,074,508	\$8,029,578	\$3,180,000	\$25,284,086	\$116,682,311	5.15%	19.20%	\$3,269
2008	\$96,981,717	\$421,007	\$97,402,724	\$12,982,272	\$7,479,068	\$3,020,000	\$23,481,340	\$120,884,064	4.84%	19.89%	\$3,387
2009	\$115,230,906	\$854,018	\$116,084,924	\$15,669,979	\$7,365,719	\$3,078,500	\$26,114,198	\$142,199,122	5.51%	23.39%	\$3,984
2010	\$115,856,173	\$1,378,945	\$117,235,118	\$15,752,732	\$7,428,007	\$3,626,137	\$26,806,876	\$144,041,994	5.82%	23.70%	\$4,036
2011	\$130,242,592	\$1,120,923	\$131,363,515	\$18,970,564	\$9,441,419	\$5,624,700	\$34,036,683	\$165,400,198	7.09%	26.54%	\$4,520
2012	\$111,661,314	\$1,072,992	\$112,734,306	\$18,791,591	\$10,805,326	\$7,022,389	\$36,619,306	\$149,353,612	6.54%	20.39%	\$4,082
2013	\$118,347,044	\$914,251	\$119,261,295	\$19,416,192	\$12,065,572	\$8,357,161	\$39,838,925	\$159,100,220	7.24%	21.72%	\$4,348

* Source: The Federal 2000 Census used for years 2003-2010 and the 2010 Census used for 2011-2013.

** Newly created Enterprise Fund for fiscal year 2007 to account for storm water remediation.

*** Only governmental general obligation bonds are paid from property taxes.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds****	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Property Tax Value	Per Capita*
2004	\$77,937,657	\$0	\$77,937,657	4.90%	\$2,184
2005	\$85,800,150	\$0	\$85,800,150	5.01%	\$2,404
2006	\$89,603,156	\$6,080,000	\$83,523,156	4.29%	\$2,340
2007	\$91,347,725	\$5,885,000	\$85,462,725	3.77%	\$2,395
2008	\$96,981,717	\$5,710,000	\$91,271,717	3.65%	\$2,557
2009	\$115,230,906	\$0	\$115,230,906	4.46%	\$3,229
2010	\$115,856,173	\$0	\$115,856,173	4.68%	\$3,246
2011	\$130,242,592	\$11,003,120	\$119,239,472	5.11%	\$3,259
2012	\$111,661,314	\$0	\$111,661,314	4.89%	\$3,052
2013	\$118,347,044	\$0	\$118,347,044	5.39%	\$3,234

* Source: The Federal 2000 Census used for years 2003-2010 and the 2010 Census used for 2011-2013.

LEGAL DEBT MARGIN CALCULATION
June 30, 2013 and for the Last Ten Fiscal Years

Total Estimated Actual Valuation Per State \$ 2,196,750,000

Legal Debt Margin Limit of 15% of Estimated Actual Valuation \$329,512,500

Debt Applicable to Debt Limit:

Purpose	Legal Maximum	Principal Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City	
<u>Direct Debt Repaid with Property Taxes:</u>					
Municipal	7.5% \$164,756,250	\$69,460,759	100%	\$69,460,759	
School	10.0% \$219,675,000	\$48,886,285	100%	\$48,886,285	
					\$118,347,043
<u>Overlapping Debt:</u>					
L.A. Water Pollution Control Authority		\$20,935,115	54.82%	\$11,476,630	
Lake Auburn Watershed Protection Commission		\$38,000	50%	\$19,000	
L.A. 9-1-1 Committee		\$97,500	50%	\$48,750	
Total	<u>\$384,431,250</u>				<u>\$11,544,380</u>
Total Bonded Debt Applicable to Debt Limit					<u>\$129,891,423</u>
Legal Debt Margin					<u>\$199,621,077</u>

Debt Repaid with User Fees:

Water	3.0%	\$65,902,500	\$19,416,192	100%	\$19,416,192
Sewer	7.5%	\$164,756,250	\$12,065,572	100%	\$12,065,572
Storm Water	7.5%	\$164,756,250	\$8,357,161	100%	\$8,357,161

Note: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended. For overlapping debt, the City's portion reflects the required funding percentage as outlined in the interlocal agreement.

Fiscal Year	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2004	\$238,470,000	\$88,329,468	\$135,571,816	37.04%
2005	\$256,860,000	\$92,350,195	\$164,509,805	35.95%
2006	\$292,327,500	\$96,134,678	\$196,192,822	32.89%
2007	\$340,005,000	\$97,469,009	\$217,251,905	28.67%
2008	\$374,880,000	\$102,281,092	\$272,598,908	27.28%
2009	\$387,232,500	\$120,504,440	\$266,728,059	31.12%
2010	\$371,047,500	\$120,391,434	\$250,656,066	32.45%
2011	\$350,137,500	\$135,698,461	\$214,439,039	38.76%
2012	\$342,810,000	\$123,955,690	\$218,854,310	36.16%

REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Water Enterprise Fund:							
2004	\$3,189,201	\$1,595,561	\$1,593,640	\$787,397	\$369,255	\$1,156,652	138%
2005	\$3,102,759	\$1,803,953	\$1,298,806	\$787,397	\$398,687	\$1,186,084	110%
2006	\$3,449,761	\$2,171,792	\$1,277,969	\$1,054,215	\$527,018	\$1,581,233	81%
2007	\$3,540,549	\$1,989,200	\$1,551,349	\$1,077,286	\$513,341	\$1,590,627	98%
2008	\$4,153,509	\$1,776,481	\$2,377,028	\$1,092,235	\$530,308	\$1,622,543	147%
2009	\$4,166,609	\$2,240,678	\$1,925,931	\$1,096,923	\$531,569	\$1,628,492	118%
2010	\$4,011,649	\$2,116,813	\$1,894,836	\$1,230,372	\$547,534	\$1,777,906	107%
2011	\$4,520,359	\$2,344,232	\$2,176,127	\$1,277,461	\$535,571	\$1,813,032	120%
2012	\$4,593,604	\$2,213,079	\$2,380,525	\$1,404,788	\$592,243	\$1,997,031	119%
2013	\$4,547,881	\$2,564,988	\$1,982,893	\$1,432,327	\$496,648	\$1,928,975	103%
Sewer Enterprise Fund:							
2004	\$4,006,107	\$3,393,201	\$612,906	\$333,181	\$189,210	\$522,391	117%
2005	\$4,120,294	\$3,455,401	\$664,893	\$333,181	\$194,518	\$527,699	126%
2006	\$4,046,680	\$3,434,003	\$612,677	\$348,643	\$186,763	\$535,406	114%
2007	\$4,010,870	\$3,528,921	\$481,949	\$384,438	\$206,724	\$591,162	82%
2008	\$4,421,191	\$3,451,422	\$969,769	\$550,510	\$279,024	\$829,534	117%
2009	\$4,577,420	\$3,808,835	\$768,585	\$563,349	\$322,951	\$886,300	87%
2010	\$5,182,587	\$3,806,605	\$1,375,982	\$588,400	\$325,234	\$913,634	151%
2011	\$5,428,221	\$3,753,516	\$1,674,705	\$531,867	\$294,451	\$826,318	203%
2012	\$5,184,843	\$3,700,612	\$1,484,231	\$664,379	\$347,201	\$1,011,580	147%
2013	\$5,194,399	\$3,731,791	\$1,462,608	\$762,430	\$328,333	\$1,090,763	134%
Storm Water Enterprise Fund*:							
2007	\$1,977,298	\$706,750	\$1,270,548	\$0	\$0	\$0	
2008	\$2,100,793	\$832,674	\$1,268,119	\$160,000	\$81,958	\$241,958	524%
2009	\$2,135,082	\$1,107,063	\$1,028,019	\$171,500	\$136,578	\$308,078	334%
2010	\$2,099,425	\$1,121,537	\$977,888	\$201,093	\$148,329	\$349,422	280%
2011	\$2,275,124	\$1,106,683	\$1,168,441	\$208,937	\$161,334	\$370,271	316%
2012	\$2,264,727	\$997,065	\$1,267,662	\$327,312	\$202,230	\$529,542	239%
2013	\$2,544,732	\$1,047,463	\$1,497,269	\$415,229	\$216,647	\$631,876	237%

NOTE: Operating expenses are exclusive of depreciation

* Newly created Enterprise Fund for fiscal year 2007 to account for storm water remediation.

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (1)	Median Family Income (1)	Median Age (1)	School Enrollment (3)	Unemployment Rate (2)
2004	35,690	\$17,032	\$30,033	37.6	4,549	4.7%
2005	35,690	\$17,032	\$30,033	37.6	4,530	5.4%
2006	35,690	\$17,032	\$30,033	37.6	4,577	5.4%
2007	35,690	\$17,032	\$30,033	37.6	4,626	4.9%
2008	35,690	\$17,032	\$30,033	37.6	4,772	5.1%
2009	35,690	\$17,032	\$30,033	37.6	4,822	9.1%
2010	35,690	\$17,032	\$30,033	37.6	4,850	8.1%
2011	36,592	\$20,014	\$36,743	37.0	5,000	7.7%
2012	36,592	\$20,014	\$36,743	37.0	5,088	7.6%
2013	36,592	\$20,014	\$36,743	37.0	5,158	6.9%

Sources:

- (1) The Federal 2000 Census used for years 2003-2010 and the 2010 Census used for years 2011-2013.
 (2) Maine Department of Labor
 (3) Lewiston School Department

PRINCIPAL EMPLOYERS
As of June 30, 2013 and Nine Years Ago

Employer	Industry	2013		2004	
		Number of Employees	Rank & Percentage of Employment	Number of Employees	Rank & Percentage of Employment
Central Maine Medical Center	Health Care	2,394	1 - 10.13%	1,813	2 - 7.9%
Sisters of Charity Health Care Systems	Health Care	2,036	2 - 8.6%	1,956	1 - 8.6%
T D Bank	Banking	1,076	3 - 4.5%	937	3 - 4.1%
Bates College	Education	888	4 - 3.7%	750	4 - 3.3%
Wal-Mart Stores East LP	Distribution Center	705	5 - 3.0%		
McKesson	Health Care Admin.	417	6 - 1.8%		
Affiliated Computer Services	Telemarketing	360	7 - 1.1%	471	5 - 2.1%
Geiger Brothers	Specialty Items	322	8 - 1.4%	325	10 - 1.4%
Liberty Mutual	Insurance	301	9 - 1.3%	333	8 - 1.5%
State of Maine	Government	300	10 - 1.3%		
L.L. Bean	Call Center			430	6 - 1.9%
Androscoggin Home Health	Health Services			350	7 - 1.5%
LePage Bakeries	Bakery Goods			330	9 - 1.4%

Source: Androscoggin Chamber of Commerce and Maine Department of Labor

**NUMBER OF MUNICIPAL EMPLOYEES BY FUNCTION
Last Ten Fiscal Years**

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration	4	4	4	4	5	4	4	4	3.5	3.5
City Clerk	4	5	5	5	5	5	5	5	5	5
Economic Dev.	1	1	1	1	1	1	2	2	2	2
Finance	16	12	13	13	13	13	15	15	15	15.5
M.I.S.	5	5	5	5	5	6	6	6	4	4
Assessor	6	6	6	6	6	6	6	6	6	6
Dev./Code Enf.	7	7	7	7	7	8	8	8	8	8
Human Resources	3	3	3	4	4	4	4	4	4	3
Police	95	94	96	97.5	98	99	103.5	103	103	103
Fire	72.5	72.5	72.5	78	78	79	79	79	79	79
Public Works	81.6	84.6	83.7	88.7	93.7	92.7	93.2	95	95.5	96.5
Water & Sewer	23	25	29.7	25	25	25	25	24	24	24
Social Services	5	5	5	4.5	4.5	5	5	5	7	8
Recreation/MPC	6	6	6	7	8	9	14	14	14	15.75
Library	13.5	13.5	13.5	14.5	14.5	14.5	14.5	15	14.5	15.5
Education	866	828	796	762	748	764	730	727	384	372
Total Employees	1,209	1,172	1,146	1,122	1,116	1,135	1,114	1,112	768.5	760.75

Source: City of Lewiston Budget

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Indicator	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
City Clerk:										
Marriage Licenses Issued	232	238	221	236	230	231	272	263	329	272
Birth Certificates Filed	1,371	1,395	1,441	1,464	1,490	1,540	1,434	1,473	1,411	1,400
Death Certificates Filed	551	599	562	630	745	765	509	811	899	978
Finance:										
Number of Tax Bills Generated	13,163	13,167	13,180	13,202	13,193	13,283	13,250	13,134	12,996	12,911
Number of Liens Recorded	542	542	616	507	514	517	515	472	506	460
Police:										
Number of Service Calls	50,287	53,035	49,731	45,436	43,094	41,890	37,608	46,144	43,621	40,283
Number of Physical Arrests	2,271	2,242	2,439	2,870	2,580	2,599	2,688	2,699	2,340	2,055
Fire:										
Number of Service Calls	1,953	1,812	1,665	1,700	1,800	1,830	1,857	1,784	1,923	1,963
Number of Inspections	348	875	915	1,020	1,126	1,306	1,331	1,045	1,489	976
Code Enforcement:										
Number of Commercial Permits Issued	80	80	122	77	76	100	108	125	136	101
Number of Residential Permits Issued	534	453	387	330	425	410	596	593	442	623
Public Works:										
Cubic Yards Utilized at the Landfill	18,738	15,405	18,576	15,138	19,938	15,520	13,900	21,506	16,384	9,612
Social Services:										
Number of Families Served	635	636	725	732	666	601	589	595	548	502
Number of People Served	977	921	1,073	1,111	1,135	1,081	1,126	1,188	961	887
Library:										
Number of Adult Books Borrowed	125,198	124,108	128,550	134,690	131,545	122,566	127,996	119,236	122,882	116,540
Number of Children Books Borrowed	76,407	80,125	86,090	95,311	92,859	89,853	95,465	90,866	101,902	96,643
Children's Program Attendance	7,015	7,030	6,752	8,247	6,341	7,085	6,674	8,415	10,047	8,059
Number of Cardholders	11,415	9,622	9,596	10,420	13,433	13,152	13,955	13,367	11,073	11,314

Source: Lewiston Municipal Departments

CAPITAL ASSETS AND INFRASTRUCTURE BY FUNCTION
Last Ten Fiscal Years

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	33	33	33	34	31	31	31	28	27	27
Fire:										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Public Works:										
Miles of Streets	188.04	188.04	188.04	188.29	188.23	187.5	187	187	190	190
Number of Street Lights	3,355	3,355	3,000	3,000	3,300	3,300	3,300	3,400	3,400	3,400
Water:										
Miles of Water Mains	158	158	158	164	159	159	159	159	166	166
Number of Service Connections	9,206	9,232	9,317	9,223	9,253	9,260	9,306	9,321	9,849	9,849
Number of Fire Hydrants	743	743	743	742	735	730	718	708	691	691
Average Daily Consumption -gals.	4,361,340	4,564,104	4,442,603	4,285,945	4,449,647	4,541,121	4,787,830	5,589,852	5,237,323	4,564,096
Thousand Gallons Pumped	1,591,889	1,665,898	1,621,550	1,564,370	1,624,121	1,657,509	1,747,558	2,040,296	1,911,623	1,665,895
Sewer:										
Miles of Sanitary & Storm Sewers	152	152	152	233	212	212	212	212	160	160
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections	8,705	8,732	8,724	8,707	8,727	8,745	8,741	8,691	8,700	8,700
Average Daily Consumption -gals.	4,361,340	4,564,104	4,442,603	4,285,945	4,449,647	4,541,121	4,787,830	5,589,852	5,237,323	4,564,096
Recreation:										
Number of Parks	17	16	16	16	16	16	16	15	15	14
Park Acreage*	36	36	36	32	32	32	32	40	76	75
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	8	12	12
Education:										
Number of Schools	7	7	7	7	7	7	7	7	7	7

* Note: Prior to 2011, general green space and sports fields were not included in the total acreage.

Source: City of Lewiston capital asset records and Public Utilities Commission Report.